

LANS

Defined Benefit Eligible Survivor Income Program Benefit Program Summary

Effective June 1, 2006

Draft as of September 22, 2006

IMPORTANT

This is a summary of highlights of the LANS Defined Benefit Eligible Survivor Income Program, a component of the LANS Welfare Benefit Plan for Employees, ERISA Plan 501 ("Plan"). Receipt of this document and/or your participation in the Plan and any benefit programs under the Plan do not guarantee your employment or any rights or benefits under the Plan. LANS reserves the right to amend or terminate the Plan or any benefit programs under the 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 the LANS benefit programs, see the LANS Welfare Benefit Plan for Employees Summary Plan Description or the LANS Welfare Benefit Plan for Retirees Summary Plan Description, as applicable, available from the LANL Benefits Office at (877) 667-1806 or (505) 667-1806.

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This Booklet

This booklet summarizes the LANS Defined Benefit Eligible Survivor Income Program (Survivor Income Program), which provides a survivor income benefit for certain survivors of certain *members* of the LANS Defined Benefit Pension Plan (Pension Plan). Please note that the benefits described in this booklet are *not* part of the Pension Plan.

Italicized terms used in this summary are defined in the Pension Plan. Capitalized terms are defined within this summary.

The benefits described in this summary are effective June 1, 2006.

Participation Requirements

Who Is a Participant in the Program

Generally, you are a Participant in the Survivor Income Program only if, when you die, you are

- an *active member* of the Pension Plan who has completed at least a 2-year *period of service*, or
- an *inactive member* of the Pension Plan who is:
 - eligible to *retire* from the Pension Plan, or
 - receiving benefits under the LANS Defined Benefit Eligible Disability Program.

Eligibility for Survivor Income Benefits

Eligibility

If you satisfy the participation requirements at the time you die, your Eligible Survivor(s) or your Surviving Domestic Partner may be eligible for benefits from this Survivor Income Program.

Self-Funded Benefit

The Survivor Income Program is funded from LANS' general assets and administered by the Prudential Insurance Company of America (Prudential), located at:

Post Office Box 8517
Philadelphia, Pennsylvania 19176
1-800-524-0542
www.prudential.com

Calculating Survivor Income Benefits

Basic Benefit

If you die as an eligible Participant, your Eligible Survivor(s)' monthly benefit will be 25% of your *full time equivalent compensation*. After the first three months of payments, the monthly benefit will be reduced by \$106.40 per month.

There is no minimum guaranteed benefit.

If Your Former UCRP Benefits Were Not Coordinated With Social Security And You Are Not Eligible For Social Security Benefits When You Die

If you die as an eligible Participant, and your former University of California Retirement Plan (UCRP) benefits were not coordinated with Social Security, your Eligible Survivor(s)' Survivor Income Program benefit will depend on whether you were eligible for Social Security benefits at the time of your death. If you do not know if your former UCRP benefits were coordinated with Social Security, contact the LANL Benefits Office at (877) 667-1806 or (505) 667-1806.

If you die as an eligible Participant, and your Eligible Survivor is not eligible for Social Security Survivors Insurance benefits based on your employment history at the time of your death, the Survivor Income Program benefit will be a percentage of your *full time equivalent compensation* based on Table A below. In order to receive the Table A Benefit, your Eligible Survivor must demonstrate that he or she is not eligible to receive a Social Security Survivors Insurance Benefit based on your employment history (as described in section 402(a) of Title 42 of the U.S. Code) by providing Prudential with an appropriate denial of benefits letter from the Social Security Administration Office.

If your Eligible Survivor does not provide such an appropriate denial, the Survivor Income Program benefit will be based on 25% of your *full time equivalent compensation*, reduced by \$106.40 per month after the first three months of payments, as described in the preceding section.

Table A Survivor Income Benefit	
Number of Eligible Survivors At Time of Participant's Death	% of <i>Full Time Equivalent Compensation</i>
1 Survivor	25%
2 Survivors	35%
3 Survivors	40%
4 Survivors	45%
5 Survivors	50%

You must be an eligible Participant in this Survivor Income Program at the time you die for your Eligible Survivor(s) or Surviving Domestic Partner to be eligible for benefits from this Survivor Income Program.

If You Are Eligible To Retire or Are Receiving Benefits Under the LANS Defined Benefit Eligible Disability Program When You Die

If, when you die, you are eligible to *retire* (age 50 and completion of a 5-year *period of service*) under the Pension Plan or you are receiving benefits under the LANS Defined Benefit Eligible Disability Program, and you have an Eligible Spouse when you die, no benefit will be payable to your Eligible Spouse from this Survivor Income Program until the Eligible Spouse reaches age 60, unless the Eligible Spouse is Disabled. The benefit for a Disabled Eligible Spouse or for a non-Disabled Eligible Spouse upon reaching age 60 will be based on the greater of the *Preretirement Survivor Benefit* provided under the Pension Plan and the Basic Benefit (or Table A Benefit, if applicable) under this Survivor Income Program. If the Basic Benefit (or Table A Benefit, if applicable) is greater, the Survivor Income Program will pay a supplemental benefit equal to any difference between the Basic Benefit (or Table A Benefit, if applicable) and the *Preretirement Survivor Benefit*. If the *Preretirement Survivor Benefit* is equal to or greater, no benefit will be payable to your Eligible Spouse from this Survivor Income Program.

If, when you die, you are eligible to *retire* (age 50 and completion of a 5-year *period of service*) under the Pension Plan or you are receiving benefits under the LANS Defined Benefit Eligible Disability Program, and you have a Surviving Spouse who is not an Eligible Spouse, no benefit will be payable to your Surviving Spouse from this Survivor Income Program.

If, when you die, you are eligible to *retire* (age 50 and completion of a 5-year *period of service*) under the Pension Plan or you are receiving benefits under the LANS Defined Benefit Eligible Disability Program, and you have an Eligible Domestic Partner when you die, your Eligible Domestic Partner will receive a Domestic Partner Program Benefit. This benefit will be payable until the Eligible Domestic Partner reaches age 60. When your Eligible Domestic Partner reaches

age 60, the benefit will be based on the greater of the Domestic Partner Program Benefit and the Basic Benefit (or Table A Benefit, if applicable) under this Survivor Income Program. The full benefit will be payable to your Eligible Domestic Partner from this Survivor Income Program. If, when you die, you are eligible to *retire* (age 50 and completion of a 5-year *period of service*) under the Pension Plan or you are receiving benefits under the LANS Defined Benefit Eligible Disability Program, and you have an Eligible Domestic Partner who is Disabled when you die, your Eligible Domestic Partner will receive the greater of the Domestic Partner Program Benefit and the Basic Benefit (or Table A Benefit, if applicable) under this Survivor Income Program.

If, when you die, you are eligible to *retire* (age 50 and completion of a 5-year *period of service*) under the Pension Plan or you are receiving benefits under the LANS Defined Benefit Eligible Disability Program, and you have a Surviving Domestic Partner who is not an Eligible Domestic Partner when you die, your Surviving Domestic Partner will receive a Domestic Partner Program Benefit. The full benefit will be payable to your Surviving Domestic Partner from this Survivor Income Program.

Example 1:

You have an Eligible Spouse who is age 50 and you are eligible to *retire* when you die. Your monthly *full time equivalent compensation* is \$3,000, you are eligible for the basic benefit (described on page 3) when you die and the *Preretirement Survivor Benefit* provided under the Pension Plan equals \$500 per month.

Your Eligible Spouse receives no benefit from this Survivor Income Program until he or she reaches age 60.

Once he or she reaches age 60, the initial benefit is calculated as follows:

25% of \$3,000 = \$750 per month preliminary benefit
\$750 – \$500 *Preretirement Survivor Benefit* from the Pension Plan =
\$250 supplemental monthly benefit payable from this Survivor Income Program

After 3 months the Survivor Income Program monthly benefit is reduced by \$106.40 per month as follows:

\$250 – \$106.40 Social Security reduction =
\$143.60 supplemental monthly benefit payable from this Survivor Income Program

Example 2:

You have an Eligible Domestic Partner who is age 50 and you are eligible to *retire* when you die. Your monthly *full time equivalent compensation* is \$3,000, you are eligible for the basic benefit (described on page 3) when you die and the *Preretirement Survivor Benefit* calculated under the Pension Plan equals \$500 per month.

Until your Eligible Domestic Partner reaches age 60, he or she receives \$500 per month from this Survivor Income Program.

Once he or she reaches age 60, the initial benefit is calculated as follows:

25% of \$3,000 = \$750 per month unreduced benefit
The greater of \$750 or \$500 per month =
\$750 monthly benefit payable from this Survivor Income Program

After 3 months the Survivor Income Program monthly benefit is reduced by \$106.40 per month as follows:

\$750 – \$106.40 Social Security reduction =
\$643.60 monthly benefit payable from this Survivor Income Program

If your Eligible Spouse, Eligible Domestic Partner, Surviving Spouse, or Surviving Domestic Partner dies, any continuation of Survivor Income Program payments to other Eligible Survivor(s) is described below.

If you were an *inactive member* of the Pension Plan not receiving benefits under the LANS Defined Benefit Eligible Disability Program when you died, no further benefits will be paid from this Survivor Income Program.

If, when you died, you were an *active member* of the Pension Plan or receiving benefits under the LANS Defined Benefit Eligible Disability Program, and in either case there were other Eligible Survivor(s) who were identified at the time of your death, those Eligible Survivor(s) may continue to be eligible to receive Survivor Income Program benefits when your Eligible Spouse, Eligible Domestic Partner, Surviving Spouse, or Surviving Domestic Partner dies. The remaining Eligible Survivor(s) will be eligible for the Basic Benefit (or Table A Benefit, if applicable) under this Survivor Income Program (without regard to the *Preretirement Survivor Benefit* under the Pension Plan or the Domestic Partner Program Benefit). The benefit will first be paid to any Eligible Children on a share and share alike basis, then to any Eligible Dependent Parents on a share and share alike basis after the last child becomes ineligible.

To receive this benefit, the remaining Eligible Survivor(s) must file a separate claim with the Claims Administrator when your Surviving Spouse or Surviving Domestic Partner dies.

If You Are An Active Member of the Pension Plan Who Is Not Eligible To Retire and You Are Not Receiving Benefits Under the LANS Defined Benefit Eligible Disability Program When You Die

If, when you die, you are an *active member* of the Pension Plan who is not eligible to *retire* (age 50 and completion of a 5-year *period of service*) under the Pension Plan and you are not receiving benefits under the LANS Defined Benefit Eligible Disability Program, your Eligible Survivor(s) will receive a benefit based on the Basic Benefit (or Table A Benefit, if applicable) under this Survivor Income Program. For an Eligible Spouse, the Basic Benefit (or Table A

Benefit, if applicable) will be offset by the *Preretirement Survivor Benefit* provided under the Pension Plan.

If your Eligible Spouse or Eligible Domestic Partner is at least age 60 or is Disabled (as defined below) at the time of your death, the benefit will be paid to your Eligible Spouse or Eligible Domestic Partner, if any. Otherwise, benefits begin for your Eligible Spouse or Eligible Domestic Partner when he or she has reached age 60.

If your Eligible Spouse or Eligible Domestic Partner is under age 60 but is responsible for the care of an Eligible Child, payments will be made to the Eligible Spouse or Eligible Domestic Partner on behalf of the Eligible Child. Benefits stop when the Eligible Child becomes ineligible, unless the Eligible Spouse or Eligible Domestic Partner is Disabled, and begin again when the Eligible Spouse or Eligible Domestic Partner reaches the age of 60. For an Eligible Spouse, the Basic Benefit (or Table A Benefit, if applicable) will be offset by the *Preretirement Survivor Benefit* provided under the Pension Plan. It is the responsibility of the Eligible Spouse or Eligible Domestic Partner to keep Prudential advised of any change of address and to affirmatively reapply for benefits at age 60.

When your Eligible Spouse or Eligible Domestic Partner dies, or if you have no Eligible Spouse or Eligible Domestic Partner at the time of your death, the benefit will be paid to your Eligible Children, on a share and share alike basis.

When the last child becomes ineligible, the benefit will be paid to your Eligible Dependent Parents, if any, on a share and share alike basis.

The benefit will end when there are no Eligible Survivors.

Throughout this summary reference is made to age 60 as the age when certain benefits begin for an Eligible Spouse. Age 60 is replaced by age 50 for a widow(er) if (a) the spouse and Participant were married before October 19, 1973, and (b) the Participant had met the eligibility requirements for Preretirement Survivor Income under the University of California Retirement Plan (UCRP) by that date.

If You Are Retired When You Die

There are no benefits payable under the Survivor Income Program if you are *retired* from the Pension Plan when you die.

It is the responsibility of an Eligible Survivor who is receiving benefits under this program to timely notify the LANL Benefits Office in the event that the Eligible Survivor is no longer eligible for benefits under this Program.

If you receive benefits to which you are not entitled, you are responsible for repaying the excess amount.

Cost-of-living Adjustments (COLA)

Generally, after the first Eligible Survivor or Surviving Domestic Partner has been receiving benefits under the program for one year, the monthly benefit will be increased by 3% on the next following July 1. Thereafter, the benefit will be increased by 3% each July 1 until the benefit is no longer payable.

Preretirement Survivor Benefits under the Pension Plan

For information about other death benefits, including *Preretirement Survivor Benefits*, provided under the Pension Plan, see the *LANS Defined Benefit Pension Plan Summary Plan Description*.

Definitions

For purposes of this Summary, the following definitions apply.

Participant

A Participant is an individual who meets the Participation Requirements on page 1 of this Summary.

Domestic Partner Program Benefit

Domestic Partner Program Benefit means a benefit payable to a Surviving Domestic Partner or an Eligible Surviving Domestic Partner under this Survivor Income Program that is designed to be substantially equivalent to the *Preretirement Survivor Benefit* under the Pension Plan that the Surviving Domestic Partner or Eligible Surviving Domestic Partner would have received if the Surviving Domestic Partner or Eligible Surviving Domestic Partner were a *spouse* within the meaning of the Pension Plan.

Eligible Survivor

An Eligible Survivor means, at the time of the Participant's death, an Eligible Spouse, Eligible Domestic Partner, Eligible Child or Eligible Dependent Parent.

Eligible Spouse

Eligible Spouse means the spouse, within the meaning of federal law, to whom a deceased Participant has been married for at least the one-year period ending on the Participant's date of death.

Eligible Domestic Partner

Eligible Domestic Partner means the domestic partner of the deceased Participant partnership established pursuant to the *LANS Declaration of Domestic Partnership*. The partnership must have been established for the one-year period ending on the Participant's date of death.

Eligible Child

If a Participant in this Survivor Income Program, who is not a Participant in the LANS Defined Benefit Disability Program, dies while an *inactive member* in the Pension Plan, that Participant's child will not be considered an Eligible Child.

If a Participant in this Survivor Income Program dies while an *active member* in the Pension Plan or dies while a Participant in the LANS Defined Benefit Disability Program, that Participant's child will be considered an Eligible Child if the child satisfies the following conditions:

An Eligible Child means the natural or adopted child or Stepchild of a deceased Participant or the natural or adopted child of a deceased Participant's Surviving Domestic Partner or Eligible Domestic Partner. The child must have received at least 50 percent support from the Participant for the one-year period ending on the deceased Participant's date of death. On the date of the Participant's death, the child must also be:

- a) Under age 18,
- b) Under age 22 and attending an educational institution full time, or
- c) Disabled (as defined below); the disability must have occurred while the child was eligible based on age under (a) or (b) above.

The one-year support requirement does not apply to the Participant's natural child born within 10 months after the Participant's death or to the Participant's natural child born less than one year before the Participant's death. A Stepchild, an Eligible Domestic Partner's child, or a Surviving Domestic Partner's child must have been living with or in the care of the Participant just before the Participant's death.

Eligible Dependent Parent

If a Participant in this Survivor Income Program, who is not a Participant in the LANS Defined Benefit Disability Program, dies while an *inactive member* in the Pension Plan, that Participant's parent(s) will not be considered Eligible Dependent Parent(s).

If a Participant in this Survivor Income Program dies while an *active member* in the Pension Plan or dies while a Participant in the LANS Defined Benefit Disability Program, that Participant's parent(s) will be considered Eligible Dependent Parent(s) if the parent(s) are the natural or adoptive mother or father of the Participant and received at least 50% support from the Participant for the one-year period ending on the Participant's date of death.

Stepchild

Stepchild means the natural or adopted child of a Participant's Surviving Spouse, Eligible Surviving Spouse, Surviving Domestic Partner, or Eligible Domestic Partner.

Surviving Spouse

Surviving Spouse means an Eligible Spouse to whom the Participant is married on his or her date of death provided however that the one-year marriage requirement does not apply.

Surviving Domestic Partner

Surviving Domestic Partner means an Eligible Domestic Partner of a Participant on the Participant's date of death provided however that the one-year requirement does not apply.

Definition of Disabled for an Eligible Survivor

To determine eligibility as a Disabled Eligible Survivor or Surviving Domestic Partner, disability is defined as a medically determinable physical or mental impairment that prevents the individual from engaging in "substantial gainful activity" on the basis of qualified medical opinion.

Substantial gainful activity means any type of gainful activity commensurate with age, education, skills or general background that could reasonably be expected to result in earnings in excess of the Social Security Administration's annually published dollar amount to determine substantial gainful activity (in 2006, this amount is \$860 per month).

The Claims Administrator determines disability eligibility and the spouse, domestic partner or child must cooperate with all requests for information. The disability must be expected to continue for an extended and uncertain period of time. For a Disabled spouse or domestic partner, the disability must exist at the time of the Participant's death. For a Disabled child, the disability must have occurred while the child was eligible based on age, as above.

Claim and Appeal Process for Survivor Income Program Benefits

For information about filing claims and appeals under the Survivor Income Program, see the *LANS Welfare Benefit Plan for Employees Summary Plan Description (SPD)*, Section 8, "Claim and Appeal Procedures."

Claims Administrator for Survivor Income Program Benefits

See the *LANS Welfare Benefit Plan for Employees SPD*, Section 8, “Claim and Appeal Procedures” for information about the Claims Administrator for the Survivor Income Program.

Important Note

While care has been taken to develop this summary, it is not a guaranty. In particular:

- The terms and conditions of the program may change at any time.
- LANS, by written document, reserves the right to terminate or amend this program at any time.
- Your employment relationship may be voluntarily or involuntarily changed or terminated.

The benefits ultimately payable to you will be determined according to the rules of the applicable LANS benefit program and applicable law.

Your participation in the program does not create any contractual or other rights to receive any benefits, nor does your participation or projections of benefit growth constitute a condition or right of future employment.

Some special situations are not reflected in this summary.

This is a summary of benefits. For additional information, please contact:

LANL Benefits Office
P.O. Box 1663, MSP280
Los Alamos, NM 87545
(877) 667-1806 or (505) 667-1806
benefits@lanl.gov

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