

Your Life & Accident Benefits

Life & Accident Insurance are important parts of your financial security, especially if others depend on you for support. Even if you're single, your beneficiary can use your life insurance proceeds to pay off debts - like credit cards, auto loans, and mortgages - as well as other expenses.

That's why Westminster College provides:

- Basic Term Life Insurance for you at no cost.
- Basic Accidental Death & Dismemberment (AD&D) Insurance for you at no cost.
- The option of purchasing additional Voluntary Life and AD&D insurance for you and your family.

Basic Life & Accident Insurance:

To get you started, Westminster pays the entire cost of Basic Life & Accident coverage for you.

Basic Life Insurance for you	2.5 times your annual salary to a \$500,000 policy maximum
Accidental Death & Dismemberment Insurance for you	2.5 times your annual salary to a \$500,000 policy maximum

Life Insurance and Income Taxes

Since Westminster College pays the entire premium for your Basic Life and Accident Insurance, the *value* of any coverage over \$50,000 is considered income by the IRS. When you receive your W-2 form each year, the *value* of this benefit will be included in your taxable earnings. These earnings are called "imputed income" and are taxed just like your regular pay. For example - if you are 35 and your annual salary is \$25,000, your Basic Life Insurance benefit would be \$62,500 or \$12,500 over the \$50,000 limit. The amount by which your annual taxable income would be increased on this \$12,500 would be an additional \$13.50. If you are uncomfortable with this additional taxable income, you may elect a flat \$50,000 in Basic Life and AD&D Insurance.

You are not taxed on any Voluntary Life or Accident Insurance purchased by you because you pay the premium for that insurance with your regular income which has already been taxed.

What is Accident Insurance?

Accident Insurance - also called Accidental Death & Dismemberment (AD&D for short) Insurance - is similar to regular Life Insurance. If you die in an accident - for example, an auto accident - the amount of your AD&D coverage is paid to your beneficiary. However, Accident Insurance also pays a benefit if you are seriously hurt in an accident. Part of your benefit may be paid to you if you lose a limb (like an arm), or the ability to see or hear. For detailed information on this benefit, please refer to the policy documents.

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Voluntary Life & Accidental Death & Dismemberment Insurance:

In addition to the Basic Life & AD&D Insurance Westminster provides for you, you may purchase additional Voluntary Life & AD&D Insurance for you and your family. The total cost of this Voluntary coverage is deducted from your paycheck.

Coverage for you	• Up to 7 times your annual salary or \$500,000, whichever is less
	• Available in \$10,000 increments
Coverage for your Spouse (Employee does not have to be enrolled in this coverage)	• Up to 3.5 times your annual salary or \$250,000, whichever is less
	• Available in \$10,000 increments
Coverage for your Dependent Children (either Employee or Spouse must be enrolled)	• 14 days to 6 months of age - \$250
	• 6 months to 19/26 years - \$2,500 increments to \$10,000 maximum benefit

Note: Voluntary AD&D for employee & spouse coverage amounts match the Voluntary Life Insurance coverage amounts elected. No Voluntary AD&D coverage available for dependent children.

Statements of Health

If you choose coverage over certain limits, you may have to provide a *Statement of Health*. A *Statement of Health* is a series of health-related questions you answer and submit to the Life Insurance carrier.

You will have to provide a *Statement of Health* if:

- You choose Voluntary Life Insurance coverage for yourself of more than \$100,000 and you are under age 60
- You choose Voluntary Life Insurance coverage for yourself of more than \$10,000 and you are age 60-69
- You choose Voluntary Life Insurance coverage for yourself in any amount and you are age 70 or older.
- You choose Voluntary Life Insurance coverage for your spouse of more than \$30,000 and your spouse is under age 60
- You choose Voluntary Life Insurance coverage for your spouse in any amount and your spouse is age 60 or older
- You and/or your spouse choose to enroll in Voluntary Life Insurance after you are initially eligible.

