



BENEFITS DIVISION

Glossary of Terms – Life Insurance Benefit

The following is a collection of terms with their definitions to be used in conjunction with viewing an individual's University sponsored life insurance coverage and beneficiary designations and updating such information online using HRIS Self Service.

Amount Allocation Method

A beneficiary allocation method which enables an individual to designate life insurance benefits to be paid by a dollar amount. For example, an individual with a father and a brother with total life insurance coverage of \$100,000 may specify that the father is to receive \$75,000 and the brother is to receive \$25,000. The amounts must add up to the total coverage amount.

Basic Life Insurance

The University (employer) paid life insurance plan. The employee must be in a benefits eligible status and excludes Visiting Scholars and NRSA Post Doctoral Fellows

Beneficiary

The person (parent, spouse, child or other relative or friend) designated to receive life insurance benefits in the event of the death of the covered individual. A beneficiary may also be a trust.

Beneficiary Allocation

Method for the life insurance benefit distribution to beneficiaries by a percent or dollar amount.

Beneficiary Designation

An individual who an employee specifies to receive life insurance benefits in the event of his or her death.

Contingent Beneficiary

An individual who will receive life insurance benefits only if the primary beneficiaries are deceased. For example, an individual who has a spouse and two children may designate benefits to be paid first to the spouse and then to the children if the spouse is deceased. The children are considered contingent beneficiaries. It is not mandatory to designate a contingent beneficiary though is recommended.

Dependent Child Life Insurance

The employee paid life insurance plan covering the employee's eligible dependent children. An eligible dependent child must be unmarried and under age 23 (regardless of full time student status) and financially dependent upon the employee for at least 50% of his or her living expense.

Medical History Statement

A form made available by the sponsoring company for the life insurance plans to apply for life insurance coverage after hire or initial eligibility. Applies to the Supplemental and Spouse plans. This form may also be referred to as evidence of insurability.

Percent Allocation Method

A beneficiary allocation method which enables an individual to designate life insurance benefits to be paid as a percent of the total benefit. For an example, an individual with two children may specify that each child is to receive 50% of the total benefit amount. The percents must add up to 100%.

Primary Beneficiary

An individual who is designated to receive life insurance benefits, in the event of the employee's death, before other beneficiaries. For example, an individual who has a spouse and two children may designate benefits to be paid first to the spouse and then to the children if the spouse is deceased. The spouse is considered the primary beneficiary.

Receives Any Left Over Money

When using the amount allocation method for specifying benefits for individual beneficiaries, the sum of the allocations must be equal to the total coverage amount. In the case of a salary change, however, the total coverage amount may increase. The increase will create "left over money" which was not previously accounted for in the beneficiary allocations and must be designated to a specific individual so that the total equals the coverage amount. For example, an individual with total life insurance coverage of \$150,000 has a father, mother and sister. The individual allocates \$75,000 to each parent totaling \$150,000. If the employee receives a raise and the insurance coverage total increases to \$175,000 then the left over amount is \$25,000 which the individual allocates to the sister.

Spouse Life Insurance

The employee paid life insurance plan covering the employee's spouse. A spouse must be legally married to and have his or her principal residence with the eligible employee. The term "spouse" may also include an employee's same gender domestic partner once a completed Declaration of Same Gender Domestic Partner Relationship has been received by the University's Benefits Division.

Standard Life Insurance Company

The company that sponsors the University's life insurance plans and pays benefits in the event of the death of a covered individual.

Supplemental Life Insurance

The employee paid life insurance plan covering the employee. The employee must be in a benefits eligible status and excludes Visiting Scholars and NRSA Post Doctoral Fellows.

Trust

A legal and financial arrangement used to manage an individual's assets in the event of his or her death. There are a variety of trust arrangements. If an individual is interested in learning more about trusts or establishing a trust, he or she should consult a licensed attorney experienced with trusts and estate planning.

Trustee

The manager of a trust, usually a bank or trust company.

Will

A legal document that provides instructions on how an individual wishes his or her personal property, financial assets and personal belongings are to be distributed in the event of his or her death. It may also specify instructions for funeral and related arrangements. An individual should write a will in order to appoint guardians for any minor children, and trustees to manage their property. If an individual does not leave a will, the court may appoint a guardian. A will should be updated following family and other status changes. It must be witnessed and signed by an individual who is not a spouse, beneficiary or executor.