



# NORTHWESTERN UNIVERSITY

Supplemental Term Life Insurance Plan

Summary Plan Description

January 2009

## Plan Highlights

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- The purpose of the Supplemental Term Life Insurance Plan is to provide faculty and staff with term life insurance coverage as some degree of financial security and support to designated beneficiaries in the event of the death of benefits-eligible faculty and staff.
  - Participation in the Supplemental Term Life Insurance Plan is available to regular status staff scheduled to work a minimum of 17.5 hours per week (half-time) and to faculty and exempt staff who are appointed on at least a half-time (50%) basis.
  - Premiums for the Supplemental Term Life Insurance Plan are fully employee paid.
  - The amount of coverage is equal to 1 to 5 times an individual's annual salary up to the maximum life insurance coverage of \$1,000,000. The minimum University salary is \$1,000. The minimum coverage is \$1,000 to \$5,000.
  - Premiums are based on an individual's coverage amount and age.
  - An employee may continue coverage during an unpaid personal leave of absence by paying the premium directly to the University.
  - An employee may elect to port or convert coverage to an individual policy directly with the sponsoring insurance company at termination of University employment or retirement.
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**Purpose** The purpose of the Supplemental Term Life Insurance Plan is to provide faculty and staff with term life insurance coverage as some degree of financial support to designated beneficiaries in the event of the death of benefits eligible faculty and staff. This plan is fully employee paid and is sponsored by ING ReliaStar Life.

**Plan Administrator** The University is the Plan Administrator and has the responsibility of operating and interpreting the Plan.

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**For further Information** The information contained in this Summary Plan Description is intended to summarize the major features of the Supplemental Term Life Insurance Plan. It is not intended to be a complete explanation or list of benefits provided by the Supplemental Term Life Insurance Plan. An individual should review the schedule of monthly premium rates and the certificate of insurance issued by the sponsoring insurance company for additional information.

Individuals may also contact a representative of the sponsoring insurance company with any questions.

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**Continuation of the Plan** The University intends to continue this Plan indefinitely, but reserves the right to modify or terminate the Plan at any time with or without notice.

Participation in this Plan is provided to eligible faculty and staff and does not constitute a guarantee of employment. Participation in the Plan also requires continued employment and eligibility and is subject to the terms and conditions of the Plan Document.

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<b>Eligibility</b>	This section summarizes eligibility requirements for participation in the Supplemental Term Life Insurance Plan.
<b>Salary Requirement</b>	An individual must receive University compensation paid by the University's payroll system and his or her University salary must be sufficient to cover the amount of monthly premium deductions. The minimum annual University salary is \$1,000.

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<b>Employee Classification</b>	<p><b>Staff.</b> Regular status staff must be scheduled to work at least 17.5 hours per week. Exempt staff must be appointment on at least a half-time (50%) basis.</p> <p>Bargaining unit employees should refer to union contracts.</p> <p><b>Faculty.</b> Faculty must be appointed on a full-time or part-time (half-time or greater) basis for the entire academic year or on a full-time basis for half the academic year. The University defines half the academic year as either one semester or 2 consecutive quarters.</p> <p><b>Academic Full-Time and Half-Time Faculty.</b> Such individuals must be compensated exclusively by one or more of the following affiliated McGaw Medical Center institutions including the University, Northwestern Memorial Hospital (NMH), Northwestern Medical Faculty Foundation (NMFF), Children's Memorial Hospital and its related faculty practice plans, the Rehabilitation Institute of Chicago (RIC), and the VA Lakeside Medical Center. The minimum required University annual salary is \$1,000.</p> <p><b>Contributed Service Faculty.</b> Medical School faculty who volunteer to participate in the academic activities of the Medical School without direct financial compensation. Such individuals are not eligible to participate in the Supplemental Term Life Insurance Plan.</p> <p><b>ROTC Faculty.</b> Individuals, who serve as full-time faculty for ROTC and NROTC programs on campus, while not paid by the University, are not eligible to participate in the Supplemental Term Life Insurance Plan.</p> <p><b>Post Doctoral Fellows.</b> Individuals classified as a Post Doctoral Fellow and appointed on at least a half-time basis are eligible to participate in the Supplemental Term Life Insurance Plan.</p> <p><b>Post Doctoral Fellows – NRSA.</b> Individuals classified as a Post Doctoral Fellow funded by a National Research Service Award (NRSA) from the National Institutes of Health (NIH) are not eligible to participate in the Supplemental Term Life Insurance Plan.</p> <p><b>Visiting Scholars.</b> Individuals classified as a Visiting Scholar are not eligible to participate in the Supplemental Term Life Insurance Plan.</p> <p><b>Visiting Personnel.</b> Individuals with academic appointments of half time or greater at the rank of professor, associate professor and assistant professor are eligible to participate in the Supplemental Term Life Insurance Plan.</p> <p><b>Disabled Employees.</b> An employee who becomes permanently and totally disabled while working for Northwestern University and is receiving University-sponsored Long Term Disability benefits remains eligible to participate in the Supplemental Term Life Insurance Plan.</p>
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**Employees on a leave of absence.** An employee on a paid leave of absence may continue participation in the Supplemental Term Life Insurance Plan.

An employee on a leave of absence without pay may continue Supplemental Term Life Insurance coverage. The employee must pay the premium directly to the University.

**Retired employees.** Individuals who retire from University employment may elect at the time of retirement to port or convert Supplemental Term Life Insurance coverage to an individual policy directly with the sponsoring insurance company.

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Other Eligible  
Individuals

**Spouse.** An employee's spouse must be legally married to, and have his or her permanent address with, the employee. A spouse is not eligible to enroll in the Supplemental Term Life Insurance Plan.

**Surviving spouse and children of a deceased employee.** An eligible spouse or dependent child of a deceased employee or retired employee is not eligible to enroll in the Supplemental Term Life Insurance Plan.

**Domestic Partner.** An employee must submit a Declaration of Same-Gender Domestic Partnership to the Benefits Division in order for the partner to be a designated beneficiary. An employee's same-gender domestic partner is not eligible to enroll in the Supplemental Term Life Insurance Plan.

**Dependent child.** An employee's dependent child is not eligible to enroll in the Supplemental Term Life Insurance Plan.

**Parents and grandparents.** An employee's parents, grandparents and in-laws are not eligible to enroll in the Supplemental Term Life Insurance Plan. They may, however, be designated beneficiaries.

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Duration of Eligibility

Participation in the Plan may continue for as long as an individual remains an eligible employee and receives a University salary of the specified minimum amount.

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**Plan Options**

This section summarizes the choice of Supplemental Term Life Insurance coverage and coverage amount.

Choice of Coverage

At hire or initial benefits eligibility, an eligible employee may choose coverage of 1 to 5 times an individual's University salary up to a maximum coverage of \$1,000,000. Coverage of 3 or more times an individual's University salary requires approval of the sponsoring insurance company. After initial eligibility, an employee must apply for any level of coverage.

The coverage amount for 2009 is based on an individual's September 1, 2008 annual benefits base salary or annual University salary if newly hired after September 1, 2008. If an individual changes from full time to part time or from part time to full time, coverage will be based on the new salary.

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**Benefits**

This section summarizes the amount of life insurance coverage the University provides to an eligible employee.

Coverage amount

Supplemental Term Life Insurance coverage is 1 to 5 times an employee's annual University benefits base salary, up to coverage limit of \$1,000,000.

Annual salary, for purposes of determining term life insurance coverage, is defined as the University salary an employee receives on an annual basis as of September 1, 2008 or, if hired after September 1, 2008, the individual's new hire salary. Salary does not include bonus payments, honoraria, summer salary and overtime pay.

The minimum eligible University salary is \$1,000.

The amount of Supplemental Term Life Insurance will be the employee's annual benefits base salary rounded up to the next lower multiple of \$1,000 and multiplied by the applicable salary multiplier.

If an employee is paid on a bi-weekly basis, the benefits base amount is the bi-weekly scheduled hours multiplied by the hourly rate and multiplied by 26.1 (there are 26.1 bi-weekly pay periods in a calendar year).

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Change in Coverage  
Amount

The amount of Supplemental Term Life Insurance coverage will correspondingly increase or decrease as of January 1<sup>st</sup> based on the employee's salary of September 1<sup>st</sup> of the preceding year and age as of December 31<sup>st</sup> of the current year.

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<b>Contributions</b>	This section summarizes premium contributions for the Supplemental Term Life Insurance Plan.
Premium Amount	Premiums for the Supplemental Term Life Insurance Plan are fully employee paid.
Premium Deduction Schedule	<p>Premiums for the Supplemental Term Life Insurance Plan are recorded on employee paycheck stubs under the employee column.</p> <p>For individuals who are paid on a bi-weekly basis, the premium is recorded on the first and second paycheck stub.</p> <p>For individuals who are paid on a monthly basis, the premium is recorded on the paycheck stub issued the last working day of each month.</p>
Premium Coverage Period	Premiums deducted in a month pay for coverage for the same month. For example, premiums recorded on March paycheck stubs pay for March coverage.
Premium Calculator	Not available.
Employees on Leave	<p>Employees on a paid leave of absence may continue to have the monthly premiums paid through University payroll.</p> <p>Employees on an unpaid leave of absence may also continue coverage during the leave period by paying premiums directly to the University.</p>
Employees receiving long term disability benefits	Premium payments will continue to be made by the employee through University payroll during the period an individual is receiving Long Term Disability benefits.
Employees receiving short term disability benefits	Employees receiving Short Term Disability benefits continue to pay premiums for Supplemental Term Life Insurance coverage through University payroll.

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**Enrollment  
Procedures and  
Deadlines**

This section summarizes enrollment procedures and deadlines

Guaranteed coverage  
for newly hired or  
benefits eligible  
employees

At the time of hire or initial benefits eligibility, an individual should complete the enrollment process including electing the amount of coverage or waiving coverage and designating a beneficiary(ies) no later than 31 days from the date of hire. Coverage of 3 or more times an individual's University salary requires approval of the sponsoring insurance company based on the employee's health status. Failure to enroll will result in having coverage waived.

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Designating a  
beneficiary

Supplemental Term Life Insurance proceeds are paid to any named beneficiary upon death. Should a beneficiary not be named at the time of death, Supplemental Term Life Insurance proceeds will be paid in the following order:

1. The employee's spouse or domestic partner.
2. The employee's natural and adopted children.
3. The employee's parents.
4. The employee's estate.

Designated beneficiaries may include, but are not limited to, the employee's spouse, children, parent(s), grandparents, friend(s), or a revocable or irrevocable trust.

**Primary beneficiary.** The person designated as the first to receive the proceeds of a life insurance policy upon the death of the insured.

**Contingent beneficiary.** The person entitled to life insurance or annuity benefits if the primary beneficiary dies before the insured.

**Estate.** If an individual does not want to name a person or entity as his or her beneficiary, he or she can name his or her own estate. The proceeds will then be distributed with the individual's other assets according to his or her will. The individual should note, however, that naming the estate as beneficiary may have disadvantages. For example, in many states life insurance proceeds are exempt from the claims of creditors when there is a named beneficiary, but not when the estate is the named beneficiary.

**Multiple beneficiaries.** An individual may name multiple beneficiaries. There are no legal restrictions on the number of beneficiaries an individual can designate. If multiple beneficiaries are named, an individual must also specify how much (percentage or dollars) each beneficiary will receive.

**Will.** A change of beneficiary made in an individual's will does not override the beneficiary designation of his or her life insurance policy.

**Minor children.** If a minor is named as a beneficiary, an individual should also appoint a guardian in his or her will or use a trust. If an individual does name a minor as a beneficiary, and he or she does not appoint a guardian or use a trust, the probate court will appoint a guardian for the minor child. In states that have adopted the Uniform Transfers to Minors Act, it is possible to create a custodial account for the minor after the death of the insured to receive the child's share of the death proceeds.

**Divorce.** An individual's right to change a beneficiary may be limited by a divorce decree or settlement agreement. In some cases, divorce allows a policy owner to change the beneficiary, even if the beneficiary is irrevocable. In other cases, the policy owner may be prohibited from changing the beneficiary or may be required to name a divorced spouse as an irrevocable beneficiary.

Example of Beneficiary Designations	Number or type of beneficiary	Sample beneficiary designation
	Two beneficiaries	John J. Jones, father and Mary R. Jones, mother
	Three or more beneficiaries	My children living at my death from my marriage to Lois P. Jones
	Unnamed children	My children living at my death from my marriage to Lois P. Jones
	One contingent beneficiary	Lois P. Jones, wife if living; otherwise Herbert I. Jones, son
	More than one contingent beneficiary	Lois P. Jones, wife, if living; otherwise Herbert I. Jones, son, Alice B. Jones, daughter and Ann Y. Jones, daughter
	Unnamed children as contingent beneficiaries	Lois P. Jones, wife, if living; otherwise my children living at my death from my marriage to said wife

**Changing a Beneficiary** An employee may change beneficiary designations online at anytime by accessing HRIS Self Service at <https://nuhr.northwestern.edu>.

**Open Enrollment** During Open Enrollment, an individual may submit beneficiary designation changes online or apply to increase or decrease the amount of coverage. Increased coverage is subject to the approval of the sponsoring insurance company.

**Effective Date of Coverage** This section summarizes coverage effective dates for Supplemental Term Life Insurance coverage.

**Initial eligibility** The effective date of Supplemental Term Life Insurance coverage is the first of the month following the date of hire or initial benefits eligibility.

**After initial eligibility** If an employee does not complete the enrollment process when first eligible, the effective date of Supplemental Term Life Insurance coverage is based on the date the application for coverage is approved by the sponsoring insurance company.

**Open Enrollment** If an employee designates a beneficiary during Open Enrollment, the effective date of Supplemental Term Life Insurance coverage is January 1<sup>st</sup>.

**Dropping Supplemental Term Life Insurance Coverage** An individual may drop Supplemental Term Life Insurance coverage within 31 days of a qualifying change in family or employment status by submitting a completed benefit change form to the Benefits Division or during Open Enrollment. If an individual later wishes to re-establish coverage, he or she must submit documentation showing evidence of good health for approval by the sponsoring insurance company.

**Claim Submittal  
Procedures and  
Deadlines**

This section summarizes the procedures for notifying the University of the death of a covered employee and receiving the life insurance benefit.

**Notification Procedure**

In the event of the death of a covered employee, the Benefits Division should be notified immediately and provided with a certified copy of the death certificate. Receiving such information will enable the prompt issuance of benefits to the named beneficiary.

Following notification, the Benefits Division will forward the following information to the sponsoring life insurance company:

- Death Certificate
- Proof of Death Form
- Beneficiary Designation Form
- Proof of Enrollment

The insurance company will provide the Benefits Division with a check made payable to the estate of the deceased individual. The Benefits Division will forward the check to the executor.

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**Claim Payment Options**

The designated beneficiary will receive death benefits paid through either:

- A benefits checkbook (if benefits are more than \$10,000), or
- A lump sum check.

Individuals should contact the sponsoring insurance company for further information.

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**Claim Payment  
Contingencies**

If a covered employee commits suicide, while sane or insane, within 2 years of starting coverage, ING ReliaStar Life will refund the amount of premiums paid for the employee's Supplemental Term Life Insurance under the Group Policy instead of paying a death benefit.

Individuals should contact the sponsoring insurance company for further information.

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**Appeal of Claim Denial**

If a claim for death benefits is denied, the employee's named representative will receive a written notice stating the reason for denial. The representative will then be entitled, upon written request, to a review of the denied claim decision.

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**Living Benefit  
(Accelerated  
Death Benefit)**

The Plan offers an accelerated death benefit which enables a covered employee who is diagnosed with a terminal illness and a life expectancy of 24 months or less to receive up to 75% or \$500,000 of the death benefit, whichever is less, prior to death. The Benefits Division or the sponsoring insurance company should be contacted for further information.

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**Changes in  
Employment or Family  
Status**

This section summarizes the impact of changes in employment or family status on Supplemental Term Life Insurance coverage.

Updating Beneficiaries

At the time of a change in family or employment status, the employee should review his or her beneficiary designations. An employee may change his or her beneficiary designations online at any time by accessing HRIS Self Service at <https://nuhr.northwestern.edu>.

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Leaves of Absence

During a leave of absence, covered individuals may continue his or her Supplemental Term Life Insurance coverage.

**Leaves of absence for health or medical reasons.** The employee continues to pay the full monthly premium through University payroll.

**Leaves of absence for personal reasons.** The employee must pay the full monthly premium directly to the University.

**Leave coverage continuation procedures.** Upon notification of leave approval, the Benefits Division will forward information to the employee detailing his or her benefit coverage, the monthly premium rate during the leave, and a form for the employee to complete requesting continued coverage. The employee must return the completed form to the Benefits Division, electing continuation of Supplemental Term Life Insurance coverage.

Premiums should be made payable, by check, to Northwestern University and submitted to the Benefits Division. Failure to pay the monthly premium in a timely manner will result in termination of coverage.

**Return from leave.** Upon return from a leave of absence, an individual may resume Supplemental Term Life Insurance coverage not continued during the leave.

**Does not return from leave.** An individual who decides not to return from a leave of absence has the option of converting coverage to an individual policy directly with the sponsoring insurance company.

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Termination of  
Employment

Coverage will be provided through the last day of the month of termination.

Upon separation from University employment, covered individuals may convert his or her Supplemental Term Life Insurance coverage to an individual policy directly with the sponsoring insurance company.

In order to convert coverage, the individual must complete a written application for an individual policy and pay the first month's premium within 31 days after cessation of insurance.

Premiums for the converted policy will be at the sponsoring insurance company's customary rate for the same policy issued to any other person of the same risk class.

If an individual dies during the 31 day period and before the individual policy goes into effect, the amount payable is limited to the maximum that could have been converted.

An individual should contact the sponsoring insurance company for further information.

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Retirement

Coverage will be provided through the last day of the month of retirement.

At retirement, an individual may convert his or her Supplemental Term Life Insurance coverage to an individual policy directly with the sponsoring insurance company.

In order to convert coverage, the individual must complete a written application for an individual policy and pay the first month's premium within 31 days after cessation of insurance.

Premiums for the converted policy will be at the sponsoring insurance company's then customary rate for the same policy issued to any other person of the same risk class.

If an individual dies during the 31 day period and before the individual policy goes into effect, the amount payable is limited to the maximum that could have been converted.

An individual should contact the sponsoring insurance company for further information.

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## **ERISA Rights**

Each participant in University sponsored benefit plans is entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. ERISA provides that all Plan participants will be entitled to:

Examine, without charge, at the Plan Administrator's office, all Plan documents and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports (if any) and Plan descriptions.

Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may impose a reasonable charge for the copies.

In addition to creating rights for participants, ERISA imposes duties upon the people who are responsible for the operation of employee benefit plans.

The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of Plan participants and beneficiaries. No one, including the employer or other person, may terminate an individual's employment or otherwise discriminate against the individual in any way to prevent him or her from obtaining a benefit or exercising his or her rights under ERISA.

If a claim is denied in whole or in part, an individual must receive a written explanation of the reason for the denial. He or she has the right to have the Plan Administrator review and reconsider the claim. Under ERISA, there are steps an individual can take to enforce these rights. For instance, if an individual requests certain materials from the Plan and does not receive them within 30 days, he or she may file suit. In such a case, the court may require the Plan Administrator to provide the materials and pay the individual up to \$100 a day until he or she receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If an individual has a claim for a benefit plan which is denied or ignored, in whole or in part, he or she may file suit. If it should happen that Plan fiduciaries misuse the Plan's money (if benefits ever become funded), or if an individual is discriminated against for asserting his or her rights, he or she may seek assistance from the U.S. Department of Labor, or he or she may file suit. The court will decide who should pay court costs and legal fees. If the individual is successful, the court may order the person sued to pay these costs and fees. If an individual loses, the court may order him or her to pay these costs and fees if, for example, it finds the claim frivolous. If an individual has questions about this Plan, he or she should contact the Plan Administrator. If there are any questions about this statement or about an individual's rights under ERISA, he or she should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor. The Plan Administrator shall have the maximum authority permitted by law to construe and apply the provisions of the Plan.

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## Summary

Name of Plan	Northwestern University Supplemental Term Life Insurance Plan
Plan Number	66322-1GAT
Date Established	January 1, 2009
Type of Plan	Welfare benefit plan
Plan Year	January 1 through December 31
Plan Sponsor – Employer	Northwestern University 720 University Place Evanston, IL 60208-1143 847 491-7513
Employer Identification Number	36-2167817
Plan Administrator	Northwestern University 720 University Place Evanston, IL 60208-1143 847 491-7513
Insurance Company	ING Life Insurance Company
Agent for Service of Legal Process	Office of General Counsel 633 Clark Street Evanston, IL 60208-1143
Contributions	Fully employee paid

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