

# VOLUNTARY TERM LIFE INSURANCE



## THE NEED FOR LIFE INSURANCE

The unexpected death of a family member is devastating for survivors. Too frequently, the hardships are compounded by financial losses that could have been avoided with adequate life insurance.

Voluntary term life insurance can protect your loved ones against the financial hardships of your death by giving them the means to manage certain expenses. If you are undecided about your need for life insurance, determine how the following statements and financial obligations apply to you:

- I am married
- I have children and/or dependents
- I support someone else
- I have a business
- I am concerned that my retirement pension and savings plans will not provide sufficient funds for my beneficiaries
- I would like to be able to make a significant charitable contribution

## ASSESSING LIFE INSURANCE NEEDS

Your life insurance needs depend on your personal situation. Consider the following expenses as you assess your current life insurance needs.

**Major Expenses** – Often, the death of a loved one is preceded by extensive medical needs – resulting in increased medical expenses. Life insurance can be used to pay these bills, as well as estate settlement costs and estate taxes (if applicable).

**Income Replacement** – In most cases, income replacement is the primary reason you need life insurance. Ask yourself these two questions: What is your annual take-home income after taxes? And, how many years will your dependents need your income to maintain their present standard of living?

**Housing** – Life insurance proceeds may be used to purchase a home or pay off an existing mortgage.

**Outstanding Debts** – Rather than leaving joint debts to the survivor, you should have enough life insurance to pay credit card balances, auto loans, student loans and other debts.

**College Fund** – For 2004-2005, the average cost of a four-year public college or university is \$11,354 for tuition, fees, books, supplies, room and board. The average cost of a four-year private institution is \$27,516.<sup>1</sup>

In a study of widows and widowers who received life insurance proceeds following the death of a spouse, approximately 40 percent believed their spouses did not have enough life insurance. It's important to note that the widows and widowers in the study were all between the ages of 25 and 54.<sup>2</sup>

## YOUR OPTION TO PURCHASE VOLUNTARY TERM LIFE INSURANCE

Voluntary term life insurance is available now to you and your family at coverage levels that meet your family's financial needs. This insurance is voluntary because, as an employee, you pay 100 percent of the premiums through a convenient deduction from your paycheck. Also, purchasing through your employer ensures you'll receive a competitive rate.

It may never be easier to add this important insurance – all you have to do is sign up during your enrollment period, and you'll receive a guaranteed dollar amount of life insurance coverage. By signing up for even the minimum amount of coverage, you protect your ability to buy additional insurance in the future under this plan, should your needs change (for example, if you get married or have a child). Please keep in mind that you will need to complete a health application and/or physical examination if you do not sign up during your initial enrollment period.

## ESTIMATE YOUR LIFE INSURANCE NEEDS

The following tool may be useful for estimating your need for life insurance, taking into account your family's income needs and financial resources in the event of your death. If you have no life insurance coverage, or if there is a gap between the amount of insurance you have and your need, this voluntary term life insurance plan is one affordable way to help you meet your need.

Please note: This tool is only intended to be a guide. It does not consider every factor that might affect your life insurance needs. (For a more accurate and detailed analysis, please consult a financial advisor.)

\$ _____	1	Your family's anticipated monthly expenses
\$ _____	2	Estimate your family's monthly after-tax income (from any sources below)
\$ _____	2a	Spouse's current income
\$ _____	2b	Your family's Social Security benefit (Estimate \$0 if you are married with no children and your spouse is younger than 60; estimate \$2,600 if you are married with one child; estimate \$3,000 if you are married with more than one child.)
\$ _____	2c	Other income (ex. from interest-bearing assets or retirement plan benefits)
\$ _____	3	Subtract (2) from (1) and enter it here (3) to estimate your family's unmet monthly income need
\$ _____	4	Multiply (3) by 12 and enter it here (4) to estimate your family's unmet yearly income need
\$ _____	5	Estimate the number of years your family would have this unmet need (ex. If your death occurred tomorrow, approximately how many years would this need exist? Approximately how many years until your children would be self-supporting?)
\$ _____	6	Multiply (4) by (5) and enter it here (6) to estimate your family's total unmet income need*
\$ _____	7	Estimate the amount of potential one-time expenses and outstanding debt (from any sources below)
\$ _____	7a	Mortgage balance
\$ _____	7b	Children's educational needs/college expenses
\$ _____	7c	Credit card debt
\$ _____	7d	Other outstanding debt
\$ _____	7e	Miscellaneous special needs
\$ _____	8	Estimate final expenses and estate settlement costs (from any sources below)
\$ _____	8a	Funeral costs (While these expenses vary, they typically range from \$5,000 to \$10,000.)
\$ _____	8b	Final expenses (While these expenses vary, they typically range from \$5,000 to \$10,000.)
\$ _____	8c	Estate taxes (If you are unsure if estate taxes apply, estimate \$0.)
\$ _____		Add (6), (7) and (8) together to obtain a <b>total estimate of your life insurance need</b>

\*This tool does not account for inflation or interest on life insurance benefits.

## ELIGIBILITY GUIDELINES

All active, full-time employees that satisfy the employer's work requirements for coverage, are performing normal activities, and are not "confined" as defined by the policy are eligible.

Dependent insurance (for your spouse and/or children) may also be available, but only when you, as the employee, also select coverage for yourself. Refer to the Benefits Summary to determine if your plan includes dependent coverage. Eligible dependent spouses must be less than age 70, and eligible dependent children include

those 14 days old, up to the limiting ages stated in the Benefits Summary. All dependents must be performing normal activities and cannot be "confined" as defined in the policy.

If you and your spouse work for the same employer, both are eligible for employee coverage, but you may not insure one another as dependents. Dependent children can be insured only under one parent.

## CHOOSING A LIFE INSURANCE COVERAGE AMOUNT

“Life Insurance Coverage Guidelines,” available on the Benefits Summary, have been selected by your employer for this plan. Between the minimum and the maximum, you can choose the amount of life insurance coverage that you want. If you select an amount of coverage that is over the Guarantee Issue Limit for the plan (refer to the Benefits Summary), you will be required to complete a health application and/or exam to obtain the coverage.

To select a life insurance coverage amount for yourself and your dependents (if available), please refer to the “Coverage Selection and Premium Calculation” section of the Benefits Summary.

## CALCULATING THE PREMIUM – YOUR COST FOR THIS COVERAGE

To calculate your premium for this coverage, please refer to the “Coverage Selection and Premium Calculation” section of the Benefits Summary for options and instructions.

## LIFE INSURANCE BENEFIT PAYMENT

The death of a family member is a stressful time, making important financial decisions difficult. That’s why death benefits of \$10,000 or more are deposited into an interest-bearing checking account in the beneficiary’s name. This account provides easy and immediate access to the death benefit proceeds with no monthly service or maintenance fees. Monthly statements are issued to the beneficiary showing all transactions and interest credit.

Death benefits less than \$10,000 will be issued in the form of a check made out to the beneficiary. Life insurance benefits received by a beneficiary of this plan are not subject to income tax, according to current federal income tax laws.

### Sources

<sup>1</sup> Trends in College Pricing 2004, The College Board, August 2004

<sup>2</sup> The Financial Impact of Death, LIMRA International, 2004

## HOW TO ENROLL FOR VOLUNTARY TERM LIFE INSURANCE

To enroll for voluntary term life insurance, follow these simple steps:

1. Complete the employee section of the enrollment form.
2. If you are purchasing the coverage, complete the “Voluntary Life Coverage Election” section by placing a √ or an × in the box next to Voluntary Life and indicate the Benefit Amount and Premium Amount (from the calculation worksheets) in the appropriate areas. Note: If your employer has chosen to pre-populate the enrollment form, this information may be printed on the form for you.
3. Sign and date the enrollment form.
4. Return your enrollment form to your benefits administrator by the deadline.

If you choose to decline the coverage, review the “Waiver of Group Insurance” section on the enrollment form and return the form to your benefits administrator.

**Important Note:** *Completing the enrollment form does not guarantee coverage. Coverage is contingent upon satisfying minimum employee participation guidelines set by Mutual of Omaha.*

*Voluntary term life insurance is underwritten by United of Omaha Life Insurance Company, Mutual of Omaha Plaza, Omaha, Nebraska 68175. United of Omaha Life Insurance Company is licensed in all states but New York. Policy Form Number: 7000GM-C-EZ 2001.*

**mutualofomaha.com**

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Underwritten by:  
UNITED of OMAHA LIFE INSURANCE COMPANY

*This information describes some of the features of your benefits plan. Benefits may not be available in all states. Please refer to your Certificate Booklet for a full explanation of your plan’s benefits, exclusions, limitations and reductions. Should there be any discrepancy between the Certificate Booklet and this outline, the Certificate Booklet will prevail. Benefits availability is subject to final acceptance and approval of the group application by United of Omaha Life Insurance Company.*

# VOLUNTARY TERM LIFE INSURANCE

## BENEFITS SUMMARY



### For Employees of Miracle Restaurant Group

#### ELIGIBILITY – CLASS 01 : ALL ELIGIBLE EMPLOYEES

<b>Employee Eligibility Requirement</b>	You must be actively at work (able to perform all normal duties of your job) to be eligible for coverage.
<b>Dependent Eligibility Requirement</b>	To be eligible for coverage, your dependents must be able to perform normal activities and not be confined (at home, in a hospital, or in any other care facility).
<b>Minimum Work Hours</b>	You must be working a minimum of 30 hours per week to be eligible for coverage.
<b>Coverage Payment</b>	You pay 100% of the premium for this coverage through easy payroll deduction.

#### COVERAGE GUIDELINES

	Employee	Spouse	Child(ren)
<b>Minimum</b>	\$10,000	\$5,000	\$2,000
<b>Maximum</b>	5 times annual salary, up to \$500,000	50% of employee's benefit, up to \$150,000	50% of employee's benefit, up to \$10,000
<b>Guarantee Issue Amount</b>	5 times annual salary, up to \$100,000	50% of employee's benefit, up to \$25,000	50% of employee's benefit, up to \$10,000

*Note: Securing coverage up to the Guarantee Issue Amount assumes a participation requirement is met by your group (you and your fellow employees). Coverage amounts over the Guarantee Issue Amount will require a health application/evidence of insurability.*

#### BENEFITS

<b>Life Insurance Benefit Amount</b>	<p>Within the coverage guidelines defined above, you select the amount of life insurance coverage you want.</p> <p>This plan includes the option to select coverage for your spouse and dependent child(ren). Children include those 14 days old, up to age 21 (25 if a full-time student.)</p> <p><i>Note: In the event of death, the benefit paid will equal the benefit amount after any age reductions less any living care/accelerated death benefits previously paid under this plan.</i></p>
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#### FEATURES

<b>Living Care/Accelerated Death Benefit</b>	50% of the amount of the life insurance benefit is available to you if terminally ill, not to exceed \$100,000.
<b>Waiver of Premium</b>	If it is determined that you are totally disabled, your life insurance benefit will continue without payment of premium, subject to certain conditions.
<b>Total Access Benefit Services</b>	Payment for life insurance benefits exceeding \$10,000 are automatically deposited into an interest-bearing checking account for beneficiaries.
<b>Portability</b>	The portability feature allows you to continue this insurance program for yourself and your dependents should you leave your employer for any reason, without having to provide evidence of insurability (information about your health).
<b>Conversion</b>	If your employment ends, you may apply for an individual life insurance policy from Mutual of Omaha without having to provide evidence of insurability (information about your health). You will be responsible for the premium for the coverage.

*Note: Additional information about the benefits and features of this plan will be included in the summary of coverage, which you will receive after enrolling, and in the certificate booklet, available from your employer. Please contact your employer if you have questions prior to enrolling.*

#### AGE REDUCTIONS AND LIFE INSURANCE EXCLUSIONS

Your life insurance benefits are subject to age reductions, which typically begin around age 65. Additional information will be included in the summary of coverage, which you will receive after enrolling. Please contact your employer if you have questions prior to enrolling. Spouse coverage terminates at age 70. Coverage terminates at retirement.

Life insurance benefits will not be paid if the insured's death is the result of suicide within two years from the date of issue (the date coverage begins) of this coverage. If this occurs, the sum of the premiums paid will be returned to the beneficiary. The same applies for any future increases in coverage under this plan.

*This information describes some of the features of the benefits plan. Benefits may not be available in all states. Please refer to the certificate booklet for a full explanation of the plan's benefits, exclusions, limitations and reductions. Should there be any discrepancy between the certificate booklet and this outline, the certificate booklet will prevail. Benefits availability is subject to final acceptance and approval of the group application by Mutual of Omaha. Term life insurance is underwritten by United of Omaha Life Insurance Company, Mutual of Omaha Plaza, Omaha, Nebraska 68175. United of Omaha Life Insurance Company is licensed in every state except New York. Term Life Policy Form Number 7000GM-C-EZ-2001.*

## COVERAGE SELECTION AND PREMIUM CALCULATION

To select your coverage amount/benefit and calculate your bi-weekly premium, do the following:

- 1) Locate the benefit amount you want to select from the top row of the employee premium table. Your benefit amount must be in an increment of \$10,000 (ex. \$30,000, \$40,000 or \$50,000). Refer to the Coverage Guidelines section for minimums and maximums, if needed.
- 2) Find your age bracket in the far left column.
- 3) Your premium amount is found in the box where the row (your age) and the column (benefit amount) intersect.
- 4) Enter the benefit and premium amounts into their respective areas in the Voluntary Life section of your enrollment form.

If the benefit amount you want to select is greater than \$100,000, select the benefit amount from the top row that when multiplied by another number results in the benefit amount you want to select. For example, if you want \$150,000 in coverage, you obtain your premium amount by multiplying the rate for \$50,000 times 3.

Employee Bi-Weekly Premium Table										
	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	\$80,000	\$90,000	\$100,000
<b>0 – 24</b>	.45	.90	1.34	1.79	2.24	2.69	3.13	3.58	4.03	4.48
<b>25 – 29</b>	.45	.90	1.34	1.79	2.24	2.69	3.13	3.58	4.03	4.48
<b>30 – 34</b>	.51	1.02	1.52	2.03	2.54	3.05	3.55	4.06	4.57	5.08
<b>35 – 39</b>	.62	1.24	1.86	2.47	3.09	3.71	4.33	4.95	5.57	6.18
<b>40 – 44</b>	.96	1.91	2.87	3.82	4.78	5.73	6.69	7.64	8.60	9.55
<b>45 – 49</b>	1.54	3.07	4.61	6.15	7.68	9.22	10.76	12.30	13.83	15.37
<b>50 – 54</b>	2.50	5.00	7.50	10.01	12.51	15.01	17.51	20.01	22.51	25.02
<b>55 – 59</b>	4.21	8.42	12.63	16.84	21.05	25.26	29.46	33.67	37.88	42.09
<b>60 – 64</b>	6.60	13.21	19.81	26.42	33.02	39.63	46.23	52.84	59.44	66.05
<b>65 – 69</b>	10.83	21.66	32.50	43.33	54.16	64.99	75.83	86.66	97.49	108.32
<b>70 – 74</b>	18.96	37.91	56.87	75.82	94.78	113.73	132.69	151.64	170.60	189.55
<b>75 – 79</b>	31.98	63.97	95.95	127.94	159.92	191.91	223.89	255.88	287.86	319.85
<b>80+</b>	55.72	111.44	167.16	222.89	278.61	334.33	390.05	445.77	501.49	557.22

Follow the method described above to select a benefit amount and calculate premiums for optional dependent spouse and/or child(ren) coverage. Your Spouse's rate is based on your age, so find your age bracket in the far left column of the Spouse Premium Table. Your spouse's premium amount is found in the box where the row (the age) and the column (benefit amount) intersect. Your spouse's benefit amount must be in an increment of \$5,000 (ex. \$15,000, \$20,000 or \$25,000). Refer to the Coverage Guidelines section for minimums and maximums, if needed.

Spouse Bi-Weekly Premium Table										
	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000
<b>0 – 24</b>	.22	.45	.67	.90	1.12	1.34	1.57	1.79	2.01	2.24
<b>25 – 29</b>	.22	.45	.67	.90	1.12	1.34	1.57	1.79	2.01	2.24
<b>30 – 34</b>	.25	.51	.76	1.02	1.27	1.52	1.78	2.03	2.28	2.54
<b>35 – 39</b>	.31	.62	.93	1.24	1.55	1.86	2.16	2.47	2.78	3.09
<b>40 – 44</b>	.48	.96	1.43	1.91	2.39	2.87	3.34	3.82	4.30	4.78
<b>45 – 49</b>	.77	1.54	2.31	3.07	3.84	4.61	5.38	6.15	6.92	7.68
<b>50 – 54</b>	1.25	2.50	3.75	5.00	6.25	7.50	8.76	10.01	11.26	12.51
<b>55 – 59</b>	2.10	4.21	6.31	8.42	10.52	12.63	14.73	16.84	18.94	21.05
<b>60 – 64</b>	3.30	6.60	9.91	13.21	16.51	19.81	23.12	26.42	29.72	33.02
<b>65 – 69</b>	5.42	10.83	16.25	21.66	27.08	32.50	37.91	43.33	48.75	54.16

Per Child Bi-Weekly Premium Table*										
	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000
<b>Rate</b>	.05	.09	.14	.18	.23	.28	.32	.37	.42	.46

\*You pay the same premium amount for each child, so find the benefit amount "Per Child" and multiply the cost by the number of dependent children you have to find the total premium amount

If you would like to calculate the total premium for your Voluntary Term Life benefits (for your own information), enter the appropriate premium amounts below and add them to obtain a total.

Employee Premium	+	Spouse Premium	+	Child(ren) Premium	=	Total Bi-Weekly Premium
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