

TechLance Life Insurance Policy

Introduction

TechLance provides comprehensive life insurance coverage to help protect your family's financial security and provide peace of mind during what could be an extremely difficult time. We understand that while no one likes to think about life insurance, having appropriate coverage is one of the most important financial decisions you can make for your loved ones. Our life insurance program includes basic coverage that TechLance provides at no cost to you, as well as optional supplemental coverage that you can purchase at competitive group rates.

Life insurance serves multiple purposes beyond simply providing money to your beneficiaries. It can help replace lost income, pay off debts such as mortgages or student loans, cover final expenses, fund children's education, and provide financial stability during a period of adjustment. The amount of coverage you need depends on your individual circumstances, but our program is designed to offer flexibility and options that can adapt to your changing life situation.

Our life insurance benefits are administered through a reputable insurance carrier and include both traditional life insurance and accidental death and dismemberment coverage. All eligible employees receive basic coverage automatically, and we strongly encourage everyone to review their coverage needs regularly and consider whether additional protection would benefit their families.

Basic Life Insurance Coverage

Every eligible TechLance employee automatically receives basic life insurance coverage equal to one times their annual base salary, with a maximum benefit of \$100,000. This coverage is provided at no cost to you and begins on your first day of employment with no waiting period or

medical requirements. The coverage amount adjusts annually based on your current salary, so if you receive raises or promotions, your basic life insurance coverage increases accordingly.

For example, if your annual salary is \$45,000, your basic life insurance coverage would be \$45,000. If you earn \$75,000 annually, your coverage would be \$75,000. However, if your salary exceeds \$100,000, your basic coverage would be capped at the \$100,000 maximum. This automatic coverage ensures that every employee has some level of protection for their family without any action required on their part.

The basic life insurance coverage also includes an equal amount of accidental death and dismemberment (AD&D) coverage at no additional cost. AD&D coverage provides the full benefit amount in case of accidental death and partial benefits for specific injuries such as loss of limbs or sight. This coverage is effective 24 hours a day, seven days a week, anywhere in the world.

While the basic coverage provides a foundation of protection, it may not be sufficient for employees with significant financial obligations or dependents. We encourage all employees to evaluate their total insurance needs and consider whether supplemental coverage would be appropriate for their situation.

Supplemental Life Insurance Options

TechLance offers voluntary supplemental life insurance that allows you to purchase additional coverage beyond the basic amount provided by the company. Supplemental coverage is available in increments of \$10,000, ranging from \$50,000 to \$500,000, with a maximum total coverage (including basic) of five times your annual salary or \$1,000,000, whichever is less.

The cost of supplemental life insurance is based on your age and whether you use tobacco products, with rates calculated per \$1,000 of coverage per month. For example, a 35-year-old non-smoker would pay approximately \$0.12 per month for each \$1,000 of coverage, which means \$100,000 of supplemental coverage would cost about \$12 per month. Rates increase with age, so a 45-year-old non-smoker would pay approximately \$0.28 per month per \$1,000 of coverage.

Tobacco users pay significantly higher rates due to increased health risks, with rates typically double or more compared to non-tobacco users. The insurance company defines tobacco use as any use of cigarettes, cigars, pipes, or smokeless tobacco products within the past 12 months.

For coverage amounts up to \$150,000, no medical exam or health questions are required if you enroll within 30 days of becoming eligible or during annual open enrollment. However, if you want coverage exceeding \$150,000, or if you're enrolling outside of the initial eligibility period, you'll need to complete evidence of insurability forms and possibly undergo a medical exam at no cost to you.

Dependent Life Insurance

TechLance also offers life insurance coverage for your spouse or domestic partner and dependent children, providing additional financial protection for your family. Spouse coverage is available in amounts of \$10,000, \$25,000, \$50,000, or \$75,000, though the total amount cannot exceed 50% of your own life insurance coverage (basic plus supplemental combined).

The cost of spouse coverage is based on their age and follows a similar rate structure to employee supplemental coverage. For coverage amounts over \$50,000, your spouse may need to complete health questionnaires or undergo medical underwriting, depending on their age and health status.

Dependent child coverage is available for children from 14 days old through age 26 if they qualify as dependents under your health insurance. Coverage amounts are \$5,000 or \$10,000 per child, and one premium covers all eligible children in your family. Child life insurance costs only \$2-4 per month regardless of how many children you have, and no medical exams are required.

While child life insurance provides relatively small death benefits, it can help cover final expenses and provides the valuable benefit of guaranteed future insurability. Children covered under the company plan can typically convert to individual coverage when they're no longer eligible as dependents, regardless of their health status at that time.

Beneficiary Designations and Claims

One of the most important aspects of life insurance is ensuring that you have current, appropriate beneficiary designations. You must designate at least one primary beneficiary within 30 days of your coverage becoming effective. Beneficiaries can be individuals, organizations such as charities, or legal entities such as trusts.

You can name multiple primary beneficiaries and specify the percentage each should receive, and these percentages must total 100%. It's also wise to name contingent beneficiaries who would receive the proceeds if your primary beneficiaries predecease you. Without contingent beneficiaries, the insurance proceeds could end up being paid to your estate, which might create tax complications and delays for your family.

Updating your beneficiaries is simple and can be done at any time through our online benefits portal. We strongly recommend reviewing your beneficiaries annually and always after major life events such as marriage, divorce, birth or adoption of children, or death of a previously named beneficiary. Changes become effective immediately upon submission through the portal.

When a claim needs to be filed, beneficiaries should contact the insurance company or TechLance HR as soon as possible. The claims process typically requires a certified death certificate, completed claim forms, and identification from the beneficiary. Most claims are processed within 30 days once all required documentation is received.

Medical Underwriting and Enrollment

The medical underwriting process applies when you're requesting coverage amounts that exceed the guaranteed issue limits or when you're enrolling outside of your initial eligibility period. Evidence of insurability typically involves completing detailed health questionnaires about your medical history, current health status, family medical history, and lifestyle factors.

For larger coverage amounts, the insurance company may require a medical exam, which is conducted at no cost to you and can often be scheduled at your home or workplace for

convenience. The exam typically includes basic measurements like height and weight, blood pressure, pulse, and may include blood and urine tests. For very large amounts or older applicants, an EKG might be required.

The underwriting process usually takes 4-6 weeks from the time you submit your application until you receive a decision. If you're approved, coverage begins on the first day of the month following approval. If your application is declined, you'll receive an explanation of the reason, and you may have options to appeal or request reconsideration.

It's important to be completely honest and accurate when completing health questionnaires, as providing false information could void your coverage. The insurance company has the right to investigate claims and could deny benefits if they discover material misrepresentations on your application.

Premium Payments and Conversion Options

Premiums for supplemental and dependent life insurance are deducted from your paycheck on a bi-weekly basis. The first \$50,000 of life insurance coverage is considered a tax-free benefit, but any coverage above that amount is considered taxable income to you, though you still receive significant value since the group rates are much lower than individual insurance rates.

Premium rates are age-banded and increase as you get older, with adjustments typically occurring annually on January 1st based on your age at that time. You'll receive advance notice of any rate changes, and while rates do increase with age, they remain significantly lower than individual life insurance rates due to the group purchasing power.

If your employment with TechLance ends for any reason, you have options for continuing your life insurance coverage. Both basic and supplemental life insurance can be converted to individual policies within 31 days of your employment termination, regardless of your health status at that time. While individual rates are substantially higher than group rates, conversion guarantees that you can maintain some level of coverage even if you've developed health problems that would make new individual insurance difficult or impossible to obtain.

Alternatively, you can continue your group coverage through COBRA for up to 18 months by paying the full premium plus a small administrative fee. This option allows you to maintain the lower group rates temporarily while you transition to new employment or secure individual coverage.

Integration with Estate Planning

Life insurance is an important component of overall estate planning, and we encourage employees to consider how their coverage fits into their broader financial picture. The proceeds from life insurance are generally not subject to income tax for beneficiaries, making it an efficient way to transfer wealth to your loved ones.

However, life insurance proceeds are included in your estate for federal estate tax purposes, which may be relevant for employees with substantial assets. If estate taxes are a concern, you might want to consider strategies such as irrevocable life insurance trusts, though these require consultation with qualified estate planning professionals.

For employees with minor children, it's particularly important to coordinate life insurance beneficiary designations with other estate planning documents such as wills and guardianship designations. While minor children can be named as beneficiaries, the insurance proceeds would need to be managed by a guardian or trust until the children reach adulthood.

Regular review of your life insurance coverage should be part of your ongoing financial planning process. Major life events such as marriage, divorce, birth or adoption of children, home purchases, or significant changes in income may indicate a need to adjust your coverage levels or beneficiary designations.

Frequently Asked Questions

How much life insurance do I actually need? A common guideline is 6-10 times your annual income, but this depends on your specific situation including debts, number of dependents, spouse's income, and other financial resources. Consider what expenses your family would face and what income replacement they would need.

What's the difference between the basic life insurance and AD&D coverage? Life insurance pays the full benefit regardless of how death occurs, while AD&D only pays for deaths or injuries resulting from accidents. AD&D provides additional benefits for specific injuries like loss of limbs or sight, even if they don't result in death.

Can I name my minor children as beneficiaries? Yes, but consider naming a guardian or setting up a trust to manage the funds, as minor children cannot directly receive large insurance proceeds. You should coordinate this with your overall estate planning.

What happens if I don't name any beneficiaries? The insurance proceeds would be paid to your estate, which could create delays, additional costs, and potential tax complications for your family. Always maintain current beneficiary designations.

Will my life insurance continue when I retire? Basic group coverage typically ends at retirement, but you may be able to convert to an individual policy. Some retiree life insurance options may be available depending on TechLance's retirement benefits at that time.

Can I increase my coverage if my family situation changes? Marriage, birth or adoption of children, and certain other qualifying life events allow you to increase coverage without medical underwriting within 30 days of the event. You can also increase coverage during annual open enrollment, subject to evidence of insurability requirements.

Are the life insurance benefits I receive taxable? Death benefits paid to beneficiaries are generally not taxable income. However, if your total company-paid life insurance exceeds \$50,000, the value of coverage above that amount is considered taxable income to you during your lifetime.

What happens if I become disabled and can't work? Many group life insurance policies include a waiver of premium benefit that continues your coverage without premium payments if you become totally disabled. Check with HR about the specific provisions of our group policy.

This policy is effective immediately and supersedes all previous life insurance policies. Coverage amounts, premiums, and policy provisions are subject to the terms of the group insurance contract and may be modified based on insurance company requirements or business needs. For specific questions about your coverage or to make changes, contact HR or the insurance company directly.