

Plan Highlights

Accelerated Benefit

If you become terminally ill and are not expected to live more than twelve months, you may request up to 50% of your life insurance amount up to \$500,000. A doctor must certify your condition in order to qualify for this benefit. Upon your death, the remaining benefit will be paid to your designated beneficiary(ies). This feature also applies to your covered dependents.

***SurvivorSupport*[®]**

SurvivorSupport[®] is a personalized financial counseling service that provides survivors and terminally ill employees with support relative to their immediate and future financial needs at no cost. *SurvivorSupport*[®] Service develops strategies needed to protect resources, preserve current lifestyles and build future security.

Portability

If you retire, reduce your hours or leave your employer, you and your spouse can take this coverage with you according to the terms outlined in the contract. When you port your coverage, the portability rates will be 20% higher than your inforce rate.

How to apply

To apply for coverage, you simply complete your enrollment form. If you choose coverage over the guarantee issue amount, you will need to complete a medical questionnaire which you can get from your Plan Administrator. You may also be required to take certain medical tests at UNUM's expense.

Changes to Coverage

Each year you will be given the opportunity to change your Life coverage. You may purchase additional Life coverage up to the Guarantee Issue amounts without evidence of insurability. Life coverage over the Guarantee Issue amounts will be medically underwritten and will require evidence of insurability. This is subject to approval by UNUM's Medical Underwriters. The suicide exclusion will apply to any increase in your coverage.

If you have questions

If you should have any questions about your coverage or how to enroll, please contact your Plan Administrator.

This plan highlight summary is provided to help you understand your insurance coverage from UNUM. If the terms of this plan highlight summary and the policy differ, the policy will govern.

Revised 3/2002



Group Universal Life Insurance (GUL) Cash Accumulation Account Questions & Answer

- ◆ **Did you know that, as of 04/01/2002, the cash accumulation account under the University System of Maryland's GUL policy issued by UNUM Life Insurance Company of America earns 5.0% annually?**
¹ Currently, the 12-month CD yield is 2.3%.²

YES - Subject to IRS regulations, you can place money in your Group Universal Life Insurance policy's cash accumulation account and earn 5.0% tax deferred.

Q: How do I begin making contributions into my GUL cash accumulation account?

A: Contact UnumProvident's program administrator, Marsh @WorkSolutions (800)-749-1792 if you:

- Are currently enrolled in the University System of Maryland's GUL policy, but who are not contributing to the cash accumulation account.
- Do not currently have coverage under the GUL policy but are interested in enrolling. You can enroll now subject to medical evidence of insurability.

Q: What is a GUL cash accumulation account and how does it work?

A: A cash accumulation account is cash that you choose to contribute to your Group Universal Life Program over and above the cost of your life insurance coverage. *Contributions earn tax-deferred interest.*

1. Premiums are deposited into the cash accumulation account as received,
2. Each month, the cost of the life insurance coverage is deducted from the cash account
3. The remaining cash is credited with tax-deferred interest
4. Cash withdrawals may be made at any time subject to a \$500 minimum
5. Interest is not reported for tax purposes until a cash withdrawal is made

Q: What are the advantages of a cash accumulation account?

A: Contributing to a GUL cash accumulation account through payroll deduction is one of the most flexible and convenient ways to save money and achieve your financial goals.

You can accumulate cash for **any** future need with the right to withdraw your cash or use your cash as loan collateral. For example, you might choose to accumulate funds to:

1. Buy a home
2. Pay for college education expenses
3. Build a reserve for emergencies
4. Enhance your retirement income to pay for, among other things, retiree medical premiums and/or paid-up life insurance

¹ There is a minimum guaranteed interest rate of 4.0%

² Bank of America, 12 month CD yield rate as of April 26, 2002.

You can start, stop, restart contributions at any time with no withdrawal penalties.

Furthermore, if you have a 401(k) plan through your employer and are contributing the maximum *pre-tax* amount allowed, a Group Universal Life cash accumulation account for *after-tax* dollars could be one of the most tax-efficient savings vehicles available.

Q: How does a GUL cash accumulation account compare with a regular savings account?

A: While interest on regular savings and other investments such as CD's is taxed annually, interest earned in a GUL cash accumulation account is not taxed until withdrawn.

The cash accumulation account's tax-deferred interest scores an impressive advantage and outperforms the interest earned in a regular savings account³.

Many CDs have penalties for early withdrawals, where GUL withdrawals may be made at any time and there is no withdrawal fee

It pays to get started as soon as possible with a contribution that you can comfortably afford.

Q: Are there any limitations on how much I can contribute to the GUL cash accumulation account?

A: There are no minimum required contributions.

Federal law governs the maximum allowable contribution. The maximum allowed under federal law varies for each insured, depending on factors such as the insured's age, amount of coverage, etc. The greater the amount of life insurance coverage, the more flexibility there is to choose the amount of monthly contribution. Each participant should contact Marsh @WorkSolutions to get a calculation based on his/her own personal situation

Contributions can be made any time: weekly, monthly, one time, etc. Contributions can be payroll deducted or mailed directly to UnumProvident's program administrator, Marsh @WorkSolutions (800)-749-1792.

Q: Do I have to declare the GUL cash accumulation account interest when I file my tax returns each year?

A: No. Interest is not reported for tax purposes until a cash withdrawal is made, and even then the interest may not be taxable.

When you make a withdrawal, you will need to report information on the amount of taxable gain. You will have taxable gain when the amount of your withdrawal is greater than your cost basis. (Cost basis is the premium you pay for your life insurance coverage amount and contributions to your cash accumulation account.)

For example, assume that you have paid life insurance premium of \$1,800 and cash accumulation account contributions of \$6,000. Also assume that your cash accumulation account has earned interest of \$1,000. Your cost basis would be \$7,800 (Life insurance premium of \$1,800 plus cash accumulation account of \$6,000). You would have \$7,000 of funds available for withdrawal from your cash accumulation account. (Contributions of \$6,000 plus interest of \$1,000.) A withdrawal in excess of the cost basis (\$7,800) may be considered taxable gain.

Q: How do I start an account?

A: As long as you are currently enrolled in the University System of Maryland's Group Universal Life Insurance plan, you and your spouse (who must also be enrolled) may start a cash accumulation account at any time. If you or your spouse are not currently enrolled, you may apply at any time with medical evidence of insurability by calling the toll-free number listed in your Group Universal Life brochure, or by writing to:

Marsh@Work Solutions (formerly KVI), P.O. Box 9122, ATTN: GT3, Des Moines, IA 50306

Be sure to include your Social Security number.

³ Bank of America; the current interest rate in a regular savings account is .50%.