

COMMON QUESTIONS ABOUT SECTION 125 CAFETERIA PLANS

How does it work for me as an employee?

By simply changing the way you currently pay medical premiums from an after-tax to a pre-tax basis you will see an increase in take-home pay (this figure will vary based on your individual salary).

What can I do with the tax savings?

Some participants in Cafeteria Plans use the tax savings to purchase supplemental insurance products through the convenience of payroll deduction.

Must I participate in my company's Section 125 Cafeteria Plan?

No, there is no obligation to participate. However, many employees do and business experts say you should take advantage of the program when it's made available.

GROUP TERM LIFE INSURANCE AT A GLANCE

Insurance protection for you or any member of your family. Features of this plan include:

- Guaranteed Rates – once you purchase the plan your rates will not increase
- Your coverage can never be reduced or cancelled as long as you pay premiums
- Coverage for you, your spouse and dependents
- You can continue your coverage after you leave employment
- Up to \$150,000 of insurance protection available
- Available in the workplace

You can add these optional insurance riders for an additional premium:

Accidental Death Benefit (ADB): The Accidental Death Benefit (ADB) rider provides an additional death benefit up to \$200,000 if you die from an accidental bodily injury. ADB is available for proposed insureds age 1 and above and may be added for your spouse and children too. Accidental Death Benefit expires at age 65. See rider for details.

Premium Waiver (PW): With the Premium Waiver (PW) Rider, your Group Term life insurance coverage continues if you become totally disabled and can no longer pay premiums. Premiums are waived if the insured (employee, spouse or child) named in the policy becomes disabled. Premium Waiver expires at age 65. See rider for details.

In the event of any dispute, claim question, or disagreement arising out of or relating to this policy, the parties shall use their best efforts to settle such disputes. To this effect, they shall negotiate with each other in good faith to reach a just solution.

If the parties do not reach a solution by negotiation as described above within sixty (60) days, then upon written notice by either party to the other, all disputes, claims, questions and controversies of any kind or nature arising out of, or relating in any way to, this policy, its subject matter, its negotiation, issuance or termination shall be submitted to binding arbitration pursuant to the provisions of the Federal Arbitration Act and according to the Arbitration Rules of the American Arbitration Association then in effect.

Liberty National
Life Insurance Company
Since 1900



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**GROUP TERM
LIFE TO 100
INSURANCE**
for You and Your Family

GROUP TERM LIFE INSURANCE FOR YOU AND YOUR FAMILY

WHAT THE LIBERTY NATIONAL WORKSITE ADVANTAGE CAN DO FOR YOU

Because the Liberty National Worksite Advantage allows you to pay for healthcare insurance premiums before you pay Uncle Sam, you pay less tax on your income. In other words, through Liberty National Worksite Advantage you receive an IRS approved tax break to pay for benefits. Choose from a variety of supplemental healthcare coverage options such as accident, critical illness, dental, cancer plans, and group term life insurance.



Coverage for you, your spouse and dependents is available. You may choose coverage for one or all family members. Employees are eligible for coverage up to \$150,000. Dependent coverage is limited to \$50,000.

Available only through your employer. Your employer is providing this voluntary group plan as a benefit to full-time employees.

Level death benefit coverage. Your coverage will not decrease so long as your policy remains in force.

No increase in premiums. They are locked in at your present age. No increase as you get older and no increase if you leave employment.

Payroll deduction makes premium payment easy.

EMPLOYEE SAVINGS WITH THE LIBERTY NATIONAL WORKSITE ADVANTAGE*

Based on \$1,000 monthly income	Without Premium Only Plan	With Premium Only Plan
Gross Monthly income	\$ 1,000	\$ 1,000
Pre-tax Insurance Premium	– \$ 0	– \$ 100
Total Taxable Income	\$ 1,000	\$ 900
Federal Income Tax (25%)	– \$ 250	– \$ 225
TOTAL	\$ 750	\$ 675
Insurance Premium (taxed)	– \$ 100	– \$ 0
TAKE-HOME NET PAY	\$ 650	\$ 675
Additional Monthly take-home pay	0	+ \$ 25
Additional annual take-home pay	0	+ \$ 300

* These tax savings are simply an example. Individual tax savings will vary from employee to employee.

NOTE: Products described in this brochure can be purchased through a Section 125 cafeteria plan or a conventional payroll deduction program made available by your employer.

Your premiums are deducted each payday, so you don't have to write a check.

You are covered when you sign the enrollment form, provided underwriting requirements are met.

You can take this coverage with you. If you leave employment, you may pay the premiums through bank draft. Your coverage and premiums remain the same, even if you change jobs or retire. You may continue your coverage to age 100.