

**YOUR
PRUDENTIAL
LIFE
INSURANCE**

UNIVERSITY OF CALIFORNIA

FOREWORD

FOR EMPLOYEES

The University of California Group Term Life Insurance Programs, provided by The Prudential Insurance Company of America, are designed to protect you and your beneficiaries against a hazard affecting earnings power--premature death.

The University offers several group term life insurance plans to its eligible employees. The terms of these plans are described in the pages that follow.

Depending on your appointment and average paid time, you may be eligible to automatically receive one of the University's employer-paid (Non-Contributory) group term life insurance plans--Basic Life or Core Life Insurance.

The University also offers employee-paid Supplemental (Contributory) term life insurance at group rates. Benefits are based on your salary rate and are designed to give you flexibility in selecting plans of insurance which will meet your individual needs. A plan offering a flat amount of insurance is also available. You are urged to take the time to examine your life insurance program carefully in order to see how this plan may help provide additional protection.

(continued)

FOREWORD - Continued

FOR DEPENDENTS

The University of California also offers eligible employees additional contributory life insurance for your dependents.

The Dependent Group Life Insurance Plan was specifically designed to provide greater protection for you and your family against the financial burden that follows the loss of a spouse/domestic partner or a child.

The University's employer-paid and employee-paid group term life insurance plans described here are fully governed by the terms and conditions of contracts between The Regents of The University of California and The Prudential Insurance Company of America, and by the University's Group Insurance Regulations. Those terms and conditions apply if information in this publication is not the same.

This booklet describes benefits and eligibility provisions in effect as of January 1, 2005.

TABLE OF CONTENTS

	PAGE
Basic Life Insurance	
Eligibility	6
Enrollment	6
Effective Date	6
Benefits	6
Beneficiary Designation	7
PERS Members	8
When Coverage Ends	8
Termination or Retirement	8
Reduction in Average Regular Paid Time	9
Leave of Absence, Furlough or Temporary Layoff	9
Conversion Privilege	9
Extended Death Benefit	10
Assignment	10
Certificate	11
Core Life Insurance	
Eligibility	12
Enrollment	12
Effective Date	12
Benefits	12
Beneficiary Designation	12
When Coverage Ends	14
Termination or Retirement	14
Reduction in Average Regular Paid Time	14
Leave of Absence, Furlough or Temporary Layoff	14
Conversion Privilege	14
Extended Death Benefit	15
Assignment	16
Certificate	16
Supplemental Life Insurance	
Eligibility	17
Enrollment	17

TABLE OF CONTENTS - Continued

Effective Date 18
Benefits 19
Beneficiary Designation 19
Change in Salary Rate 21
Your Monthly Cost 21
Living Benefits Option 22
Assignment 24
Waiver of Premium 24
When Coverage Ends 25
 Cancellation of Coverage 25
 Termination or Retirement 25
 Leave of Absence, Furlough
 or Layoff 25
Conversion Privilege 26
Dependent Life Insurance
Eligibility 27
Enrollment 30
Effective Date 32
Benefits/Beneficiary Designation 32
Choice of Dependent Life
 Insurance Plans 33
Your Monthly Cost 34
When Coverage Ends 34
 Termination or Retirement 35
 Continuance of Coverage 35
 Leave of Absence, Furlough
 or Layoff 36
Conversion Privilege 37
GENERAL INFORMATION
Definitions
 Average Regular Paid Time 38
 Domestic Partner 38
 Employee 39
 Gift Assignment 39
 Living Benefits Option 40
 Living Benefits Option Amount 40
 Salary Rate 40
 Terminally Ill Employee 41

TABLE OF CONTENTS - Continued

Terminal Illness Proceeds 41
Total Disability 41
Value Assignment 41
Services for Beneficiaries/Family
Members 41
Benefit Payment Options 41
Sample Living Benefits Option
Calculations 42
Information Regarding Your Certificate
Basic Life Insurance 43
Core Life Insurance 43
Supplemental Life Insurance
and Dependent Life Insurance 43
GROUP INSURANCE CERTIFICATE 44
PLAN ADMINISTRATION
Sponsorship and Administration
of the Plan 49
Group Contract Number 50
Type of Plan 50
Plan Year 50
Continuation of the Plan 50
Financial Arrangements 51
Agent for Service of Legal Process 51
Your Rights Under the Plan 51
How to File a Claim 52
Claim Fraud 53
Nondiscrimination Statement 53

BASIC LIFE INSURANCE

ELIGIBILITY

You are eligible for this plan if you are a member of a University-sponsored defined benefit plan and have (a) a minimum 50% appointment for 12 months or more, or (b) accumulated 1,000 hours on pay status in a rolling 12-month period. To remain eligible, you must maintain an **average regular paid time** of at least 17.5 hours per week. If your appointment is at least 50% time, your appointment form may refer to the time period as follows: "ending date for funding purposes only; intent of appointment is indefinite (for more than one year)".

PERS members receive a \$5,000 benefit through PERS. PERS members who were hired prior to July 1, 1976, must be full-time (100%) members.

ENROLLMENT

Enrollment in the Basic Life Insurance Plan is automatic. No enrollment form is required.

EFFECTIVE DATE

Coverage becomes effective on the first day of pay status as an eligible employee. You will be covered if you are an eligible employee on pay status for any period of a given month.

If you are on leave for health reasons on the normal effective date, new or increased coverage becomes effective the day after your first full day actively at work, based on your normally scheduled work day. This rule also applies to newly hired employees who have not yet reported to work for health reasons.

BENEFITS

The Basic Life Insurance Plan provides you with group term life insurance at no cost. The amount of insurance is 1 times your annual **salary rate (rounded to the next higher multiple of \$1,000, if it is not an exact multiple of \$1,000)**, as of January 1 of each year, multiplied by the percent time of your appointment. PERS members are covered for this amount minus the \$5,000 PERS death benefit. The maximum benefit for PERS members is \$45,000. The maximum benefit for all other eligible employees is \$50,000. The

BASIC LIFE INSURANCE

- Continued

minimum benefit for all eligible employees is \$5,000.

This insurance does not entitle you to a waiver of premium during a disability. See the definition of "**salary rate**" on page 40 to determine your annual **salary rate**.

See pages 41-42 for information regarding Benefit Payment Options available to your beneficiaries/family members.

BENEFICIARY DESIGNATION

You should designate a beneficiary for your Basic Life Insurance. You may name a new or different beneficiary at any time by completing a beneficiary designation form (UPAY 718) available from your local Benefits Office and on the UC HR/Benefits website, www.ucop.edu/bencom.

- Your beneficiary may be any person or persons you wish to name. "Person" includes any entity capable of taking and holding property.
- If you are married, you may need to consider your spouse's community property rights before you designate someone else as your primary beneficiary.

If you reside in a community property state, a designation of beneficiary may be subject to challenge if such designation will result in your spouse receiving less than his or her proportionate share of the benefit attributable to community property.

You may want to consult with an attorney regarding non-standard beneficiary designations, such as "Trusts". See the UC beneficiary designation form (UPAY 718) for instructions for naming a trust as beneficiary. Prudential will assist in reviewing non-standard or complex beneficiary designations and in providing procedural information about making these designations. Contact Prudential at 1-800-524-0542.

If the member does not name a Beneficiary or if the designation of a Beneficiary is no longer

BASIC LIFE INSURANCE

- Continued

effective, the person or persons (on a share and share alike basis) in the first of the following categories in which there is a survivor shall be the Beneficiary:

- (a) legal spouse or **domestic partner** of the Member;
- (b) child or children, including adopted child or children, of the Member (child or children of a deceased child shall take the share of such child by representation);
- (c) parent or parents of the Member;
- (d) sibling or siblings of the Member.

If there is no such survivor, any lump sum death payment shall be paid to the Member's estate.

See page 38 for the definition of "domestic partner" for the purpose of this provision only.

PERS MEMBERS

The \$5,000 insurance benefit for employees who are members of PERS shall be paid upon the death of an insured member to the beneficiary entitled to receive the Basic death benefit.

PERS members may designate a new or different beneficiary (other than the beneficiary entitled to receive the Basic death benefit). Contact PERS to obtain the proper form.

WHEN COVERAGE ENDS

Your coverage will end on the earliest of the following dates:

- (a) the last day of the pay period for which premiums are paid, based on your earnings as an eligible employee;
- (b) the last day of the second month following the month in which the employee last meets the minimum required **average regular paid time**; or
- (c) the day the Group Insurance Plan is discontinued.

Termination or Retirement

If you leave University employment or retire, your insurance terminates on the last day of the last pay period for which premiums are paid by the

BASIC LIFE INSURANCE
- Continued

University, based on your earnings as an eligible employee.

Reduction In Average Regular Paid Time

To remain eligible for Basic Life Insurance coverage, you must maintain an **average regular paid time** of at least 17.5 hours per week. If your **average regular paid time** falls below this level, your Basic Life Insurance may be affected. Contact your local Benefits or Accounting Office for more information.

Leave Of Absence, Furlough, Or Temporary Layoff

If you are placed on furlough, temporary layoff, or take an approved leave of absence without pay, coverage continues for up to 4 calendar months following the month in which the layoff or leave begins. If you take a leave of absence with pay, coverage continues for up to 2 years from the date the leave begins, as long as you have any salary covered by a defined benefit retirement plan to which the University contributes. If you terminate employment or retire while on a leave of absence, furlough or temporary layoff, the rules above ("When Coverage Ends") will apply.

CONVERSION PRIVILEGE

When your Basic Life Insurance coverage ends because of retirement, termination of employment, or other loss of eligibility, the insurance may be converted to an individual whole life insurance policy without a medical examination. To convert your group term coverage to individual coverage, you must submit an application and the required premium to The Prudential Insurance Company within 31 days from the date your group coverage ends. Contact your local Benefits or Accounting Office for the appropriate form or for more information.

You may select the individual policy from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates corresponding to your age at the time of conversion.

BASIC LIFE INSURANCE

- Continued

Once you convert your group insurance to an individual contract, benefits and rights under the group contract cease. If you later become eligible again for University's employer-paid group life insurance coverage following conversion, you must surrender the individual policy to be covered under the UC group insurance. Benefits may be paid under either the group policy or the individual policy (but not both).

If you lose coverage under this plan because your appointment or **average regular paid time** falls below the minimum level for eligibility (see the "Eligibility" and "Reduction in Average Regular Paid Time" sections above), but you are still employed by the University, you may convert to an individual policy without a medical exam within 31 days.

If you die within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not you applied for an individual policy.

EXTENDED DEATH BENEFIT

The Basic Life Insurance protection may continue for up to 1 year beyond the date coverage terminates if you become totally disabled while covered under the Plan, and are less than age 65 (see definition of Total Disability on page 41). You must remain continuously unable to engage in any occupation until the date of death. Protection continues for 1 year, or until you are age 65, or until disability ends, whichever comes first.

ASSIGNMENT

Under certain circumstances some employees consider it advantageous to assign their rights to employee group life insurance to another person, a trustee, or a viatical settlement company. Your employee group life insurance may only be assigned as a **gift assignment** (see page 39) or a **value assignment** (see page 41). Collateral assignments are excluded. Note that, once made, assignments are irrevocable. The University and/or Prudential cannot advise you on assignments because they involve complex

BASIC LIFE INSURANCE

- Continued

individual, legal and tax questions. You should consult your attorney before taking such action.

Certain gift assignment forms may be obtained from your local Benefits or Accounting Office. You should consult an attorney before you complete these forms.

CERTIFICATE

Your individual insurance certificate is on pages 44 through 48.

CORE LIFE INSURANCE

ELIGIBILITY

You are eligible if you are not eligible for Basic coverage and are appointed to work at least 43.75% time. To remain eligible, you must maintain an **average regular paid time** of at least 17.5 hours per week. PERS members are not eligible to be covered under the Core Life Insurance plan since they receive a \$5,000 benefit through PERS.

ENROLLMENT

Enrollment in the Core Life Insurance Plan is automatic. No enrollment form is required.

EFFECTIVE DATE

Coverage becomes effective on the first day of pay status as an eligible employee. You will be covered if you are an eligible employee on pay status for any period of a given month.

If you are on leave for health reasons on the normal effective date, coverage becomes effective the day after your first full day actively at work, based on your normally scheduled workday. This rule also applies to newly hired employees who have not yet reported to work for health reasons.

BENEFITS

The Core Life Insurance Plan provides you with group term life insurance at no cost. The amount of insurance is \$5,000.

See pages 41-42 for information regarding Benefit Payment Options available to your beneficiaries/family members.

BENEFICIARY DESIGNATION

You should designate a beneficiary for your Core Life Insurance. You may name a new or different beneficiary at any time by completing a beneficiary designation form (UPAY 718) available from your local Benefits Office and on the UC HR/Benefits website, www.ucop.edu/bencom.

CORE LIFE INSURANCE

- Continued

- Your beneficiary may be any person or persons you wish to name. "Person" includes any entity capable of taking and holding property.
- If you are married, you may need to consider your spouse's community property rights before you designate someone else as your primary beneficiary.

If you reside in a community property state, a designation of beneficiary may be subject to challenge if such designation will result in your spouse receiving less than his or her proportionate share of the benefit attributable to community property.

You may want to consult with an attorney regarding non-standard beneficiary designations, such as "Trusts". See the UC beneficiary designation form (UPAY 718) for instructions for naming a trust as beneficiary. Prudential will assist in reviewing non-standard or complex beneficiary designations and in providing procedural information about making these designations. Contact Prudential at 1-800-524-0542.

If the member does not name a Beneficiary or if the designation of a Beneficiary is no longer effective, the person or persons (on a share and share alike basis) in the first of the following categories in which there is a survivor shall be the Beneficiary:

- (a) legal spouse or **domestic partner** of the Member;
- (b) child or children, including adopted child or children, of the Member (child or children of a deceased child shall take the share of such child by representation);
- (c) parent or parents of the Member;
- (d) sibling or siblings of the Member.

If there is no such survivor, any lump sum death payment shall be paid to the Member's estate.

See page 38 for the definition of "domestic partner" for the purpose of this provision only.

CORE LIFE INSURANCE

- Continued

WHEN COVERAGE ENDS

Your coverage will end on the earliest of the following dates:

- (a) the last day of the pay period for which premiums are paid, based on your earnings as an eligible employee;
- (b) the last day of the second month following the month in which the employee last meets the minimum required **average regular paid time**; or
- (c) the day the Group Insurance Plan is discontinued.

Termination or Retirement

If you leave University employment or retire, your insurance terminates on the last day of the last pay period for which premiums are paid by the University based on your earnings as an eligible employee.

Reduction in Average Regular Paid Time

To remain eligible for Core Life Insurance coverage, you must maintain an **average regular paid time** of at least 17.5 hours per week. If your **average regular paid time** falls below this level, your Core Life Insurance may be affected. Contact your local Benefits or Accounting Office for more information.

Leave Of Absence, Furlough, Or Temporary Layoff

If you are placed on furlough, temporary layoff, or take an approved leave of absence without pay, coverage continues for up to 4 calendar months following the month in which the layoff or leave begins. If you take a leave of absence with pay, coverage continues for up to 2 years from the date the leave begins, as long as you have any salary covered by a defined benefit retirement plan to which the University contributes. If you terminate employment or retire while on a leave of absence, furlough or temporary layoff, the rules above ("When Coverage Ends") will apply.

CONVERSION PRIVILEGE

When your Core Life Insurance coverage ends because of retirement, termination of employment, or other loss of eligibility, the

CORE LIFE INSURANCE

- Continued

insurance may be converted to an individual whole life insurance policy without a medical examination. To convert your group term coverage to individual coverage, you must submit an application and the required premium to the Prudential Insurance Company within 31 days from the date your group coverage ends. Contact your local Benefits or Accounting Office for the appropriate form or for more information.

You may select the individual policy from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates corresponding to your age at the time of conversion.

If you have Core Life Insurance and become covered by a Basic Life Insurance plan, you may not convert the \$5,000 Core Life Insurance to an individual policy.

Once you convert your group insurance to an individual contract, benefits and rights under the group contract cease. If you later become eligible again for the University's employer-paid group life insurance coverage following conversion, you must surrender the individual policy to be covered under the UC group insurance. Benefits may be paid under either the group policy or the individual policy (but not both).

If you lose coverage under this plan because your **average regular paid time** falls below the minimum level for eligibility (see the "Eligibility" and "Reduction in Average Regular Paid Time" sections above), but you are still employed by the University, you may convert to an individual policy without a medical exam within 31 days.

If you die within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not you applied for an individual policy.

EXTENDED DEATH BENEFIT

If you become totally disabled and are less than age 65, Core Life Insurance protection may continue for up to 1 year beyond the date

CORE LIFE INSURANCE

- Continued

coverage terminates. You must remain continuously unable to engage in any occupation until the date of death. Protection continues for 1 year, or until you are age 65, or until disability ends, whichever comes first.

ASSIGNMENT

Under certain circumstances some employees consider it advantageous to assign their rights to employee group life insurance to another person, a trustee, or a viatical settlement company. Your employee group life insurance may only be assigned as a **gift assignment** (see page 39) or a **value assignment** (see page 41). Collateral assignments are excluded. Note that, once made, assignments are irrevocable. The University and/or Prudential cannot advise you on assignments because they involve complex individual, legal and tax questions. You should consult your attorney before taking such action.

Certain gift assignment forms may be obtained from your local Benefits or Accounting Office. You should consult an attorney before you complete these forms.

CERTIFICATE

Your individual insurance certificate is on pages 44 through 48.

SUPPLEMENTAL LIFE INSURANCE

ELIGIBILITY

You are eligible for this plan if you are appointed to work at least 50% time for 12 months or more, or 100% time for 3 months or more. If your appointment is at least 50% time, your appointment form may refer to the time period as follows: "ending date for funding purposes only; intent of appointment is indefinite (for more than 1 year)". You are also eligible if you have accumulated 1,000 hours on pay status in a rolling 12-month period. To remain eligible, you must be paid a salary or wage from which plan deductions can be taken. If premiums cannot be taken from pay for two consecutive months, coverage lapses retroactively to the first day of the month for which a premium was missed.

NOTE: Duplicate University-sponsored coverage is not allowed. (For example, you may not be covered as an employee under the Supplemental Life Insurance plan and also be covered as a dependent under the Dependent Life Insurance plan.) Should duplicate coverage occur, benefits will be paid under the coverage with the earliest effective date.

ENROLLMENT

You may enroll in this plan during your "Period of Initial Eligibility," which starts on the day you become eligible and ends 31 days from that date (for enrollments with paper forms, on the preceding business day for the local Accounting or Benefits Office if the 31st day is on a weekend or a holiday).

A change in your appointment may create a PIE for you to enroll in (or increase) your Supplemental Life Insurance. A PIE will be created if your appointment change serves to make you eligible to enroll in this coverage for the first time. Also, if you change from an appointment eligible for the University's Mid-Level Benefits to an appointment eligible for Full Benefits, you will be allowed a new PIE. Contact your Benefits Representative for more information.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

To enroll in (or increase) your Supplemental Life Insurance after your PIE, you must submit a Statement of Health satisfactory to Prudential. Prudential reserves the right to require medical evidence at your expense, if necessary.

You have 31 days from approval of your health statement to submit your enrollment form to your local Benefits or Accounting Office to enroll.

EFFECTIVE DATE

The effective date of insurance is:

- a) the first day of the "Period of Initial Eligibility", provided your enrollment form (or your electronic enrollment) is received by your local Benefits or Accounting Office during the "Period of Initial Eligibility", or the first day of eligibility, whichever is later.
- b) the date of approval of your Statement of Health from Prudential, if you enroll at any other time, or increase your Life plan coverage (provided your enrollment form is submitted to your local Benefits or Accounting Office within 31 days of the approval).
- c) the day following the first full day you are actively at work, based on your normally scheduled workday, if you are on an approved leave-of-absence for health reasons (or you are a newly hired employee who has not yet reported to work for health reasons) on the date the new or increased coverage would normally go into effect. This rule also applies to newly hired employees who have not yet reported to work for health reasons.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

BENEFITS

The Supplemental Life Insurance plan provides you with group term life insurance at group rates without medical examination. There are 5 life insurance plans:

- (1) 1 times your annual (100%-time) **salary rate** (up to a plan maximum of \$250,000);
- (2) 2 times your annual (100%-time) **salary rate** (up to a plan maximum of \$500,000);
- (3) 3 times your annual (100%-time) **salary rate** (up to a plan maximum of \$750,000);
- (4) 4 times your annual (100%-time) **salary rate** (up to a plan maximum of \$1,000,000); or
- (5) a flat \$20,000.

To determine the amount of insurance for which you are eligible, round your annual salary rate (100%-time) to the next higher multiple of \$1,000 (if it is not an exact multiple of \$1,000) and multiply the result by 1, 2, 3 or 4.

This insurance does entitle you to a waiver of premium in the event of total disability occurring before age 65 (see page 24).

In addition, a Living Benefits Option is available to Terminally Ill Employees who meet certain requirements (see page 22). This option provides approximately 50% of the life insurance amount in force on your life up to a maximum of \$250,000.

See pages 41-42 for information regarding Benefit Payment Options available to your beneficiaries/family members.

BENEFICIARY DESIGNATION

You may designate your own beneficiary(ies). You may name a new or different beneficiary at any time by completing a beneficiary designation form (UPAY 718) available from your local Benefits Office and on the UC HR/Benefits website, www.ucop.edu/bencom.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

- Your beneficiary may be any person or persons you wish to name. "Person" includes any entity capable of taking and holding property.
- If you are married, you may need to consider your spouse's community property rights before you designate someone else as your primary beneficiary.

If you reside in a community property state, a designation of beneficiary may be subject to challenge if such designation will result in your spouse receiving less than his or her proportionate share of the benefit attributable to community property.

You may want to consult with an attorney regarding non-standard beneficiary designations, such as "Trusts". See the UC beneficiary designation form (UPAY 718) for instructions for naming a trust as beneficiary. Prudential will assist in reviewing non-standard or complex beneficiary designations and in providing procedural information about making these designations. Contact Prudential at 1-800-524-0542.

If the member does not name a Beneficiary or if the designation of a Beneficiary is no longer effective, the person or persons (on a share and share alike basis) in the first of the following categories in which there is a survivor shall be the Beneficiary:

- (a) legal spouse or **domestic partner** of the Member;
- (b) child or children, including adopted child or children, of the Member (child or children of a deceased child shall take the share of such child by representation);
- (c) parent or parents of the Member;
- (d) sibling or siblings of the Member.

If there is no such survivor, any lump sum death payment shall be paid to the Member's estate.

See page 38 for the definition of "domestic partner" for the purpose of this provision only.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

NOTE: If you are covered by the Basic Life Insurance Plan and enroll in a Supplemental Plan, you can name the same or different beneficiaries for the 2 plans.

CHANGE IN SALARY RATE:

If you enroll in a Life Insurance Plan based on your annual **salary rate** -- your full-time **salary rate** on January 1 of each year is used to determine the amount of insurance you have during the calendar year. Changes in your **salary rate** after any January 1 are reflected in your life insurance amount the following January 1. Coverage will not be reduced automatically if your full-time **salary rate** is reduced. You may write to your local Accounting Office for a prospective reduction in coverage based on your reduced salary rate. If you are not actively at work on the first working day following a January 1 adjustment of your coverage amount, the change in coverage amount will not be effective until you return to active work.

See the definition of "**salary rate**" on page 40 to determine your annual salary rate.

If you are working at 100% time, your **salary rate** is the salary you are appointed to receive. If you work at less than 100% time, your **salary rate** is 100% times the rate for your title. If you have a split appointment at different rates, your **salary rate** is proportionate to the 100% rates of appointments.

YOUR MONTHLY COST

The monthly cost of the plan is fully paid by you. Your cost depends on your age and the amount of coverage you buy. Individual premiums are based on your salary and age as of each January 1st. For late enrollees, premium is based on age and salary as of January 1st of the current year and adjusted each January 1st thereafter. For new hires, premium is based on age as of January 1st of the current year and your salary as of date of hire, and adjusted each January 1st thereafter. If you enroll in a plan which is based

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

on a multiple of your salary, your monthly cost is adjusted each January 1, based on your current salary (see "Change in Salary Rate" above). Contact your local Benefits Office to obtain current rate information.

LIVING BENEFITS OPTION

Under the **Living Benefits Option**, a **Terminally Ill Employee** may elect to have a portion of his or her Supplemental Life Insurance paid out prior to death. This benefit, the **Terminal Illness Proceeds**, can be used for any purpose. The benefit you receive is 50% of the total coverage amount, up to \$250,000 (less a discount fee), and is paid directly to you, either in 1 lump sum or in 12 equal monthly installments. The amount that would otherwise be paid to your beneficiaries at death is reduced by this amount.

In order to qualify for this Option, you must (1) have been covered for at least 1 year, (2) have become a **Terminally Ill Employee** while insured under the plan, or while your death benefit protection is being extended under the Waiver of Premium provision.

This option may be elected only once.

The **Terminal Illness Proceeds** may be taxable. You may wish to obtain the advice of a tax and/or legal professional before applying for this option.

The **Terminal Illness Proceeds** will be equal to the discounted value of 50% of your Supplemental Life Insurance amount. This means the present value of 50% of the benefit that would be paid in the future, in the event of your death. This discounted value depends upon the amount placed under this Option, the mode of settlement you choose, e.g. monthly installments or lump sum payment, and the interest rate Prudential uses.

See page 42 for examples of **Living Benefits Option** calculations.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

For more information about valuation and payment under the **Living Benefits Option**, call Prudential at 1-800-524-0542.

To Whom Payable: The benefits under this option are payable to you.

Amount Due But Unpaid at Your Death: If you elect monthly installments and you die before all **Terminal Illness Proceeds** payments have been made, Prudential will pay your Beneficiary or Beneficiaries the total of the payments that remain.

Additional Conditions: Your right to be paid under this option is subject to these terms:

- (1) You must choose this option in writing in a form that satisfies Prudential.
- (2) You must furnish proof that satisfies Prudential that your life expectancy is 12 months or less, including certification by a Doctor.
- (3) Your Supplemental Life Insurance must not be assigned.
- (4) **Terminal Illness Proceeds** will be made available to you on a voluntary basis only. You are not eligible for this benefit if you elect the benefit involuntarily solely because:
 - (a) You are required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise.
 - (b) You are required by a government agency to use this option in order to apply for, get or keep a government benefit or entitlement.

Effect on Insurance: When you elect this option, the total amount otherwise payable on your death, including any amount under an extended death benefit, will be reduced by the **Living Benefits Option Amount**. Also, any amount you could otherwise have converted to an individual contract will be reduced by the **Living Benefits Option Amount**.

See "How To File A Claim" on page 52 and "Definitions" beginning page 38 for information.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

ASSIGNMENT

Under certain circumstances some employees consider it advantageous to assign their rights to employee group life insurance to another person, a trustee, or a viatical settlement company. Your employee group life insurance may only be assigned as a **gift assignment** (see page 39) or a **value assignment** (see page 41). Collateral assignments are excluded. Note that, once made, assignments are irrevocable. The University and/or Prudential cannot advise you on assignments because they involve complex individual, legal and tax questions. You should consult your attorney before taking such action. Certain gift assignment forms may be obtained from your local Benefits or Accounting Office. You should consult an attorney before you complete these forms.

WAIVER OF PREMIUM

If you become disabled for any occupation while covered (see definition of "**Total Disability**" on page 41), you may qualify for an "extended" death benefit (continuance of insurance protection without having to pay the premium). If you become totally disabled before age 65 and disability exists continuously for 6 months, this provision allows for continuance of life insurance protection without payment of premiums. You must provide written proof of your disability no later than 1 year after commencement of the total disability and submit proof of your continuous disability each year thereafter to the insurance company. Protection continues until you reach age 70, as long as you remain totally disabled. You may want to continue your premium payments while your application is pending to avoid losing coverage in the event your application is not approved. Arrangements for direct payment of premiums must be made at the beginning of your approved leave of absence through your local Accounting Office.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

WHEN COVERAGE ENDS

Your coverage will end on the earliest of the following dates:

- (a) the last day of the pay period for which premiums are paid based on your earnings as an eligible employee; or
- (b) the last day of the pay period in which a form to cancel coverage is received in the local Benefits or Accounting Office; or
- (c) the day the Group Insurance Plan is discontinued.

Cancellation of Coverage

If you cancel your insurance, coverage ends on the last day of the pay period in which your local Accounting or Benefits Office receives the form to cancel coverage.

Termination or Retirement

If you leave University employment or retire, your insurance terminates at the end of the last pay period for which you paid a premium as an eligible employee. You may convert your coverage to an individual policy (see the Conversion Privilege section below).

Leave of Absence, Furlough or Layoff

If you take a leave of absence with pay, coverage continues for up to 2 years from the date the leave begins, provided your paycheck is large enough to cover the premiums.

If you are placed on furlough or layoff, coverage may continue for up to 4 calendar months from the date the layoff or furlough begins, provided prior arrangements are made with and premiums are paid to the local Accounting Office.

If you take an approved leave of absence without pay, you may continue coverage for up to 2 years, provided prior arrangements are made with and premiums are paid to the local Accounting Office. If you terminate employment or retire while on a leave of absence, furlough or layoff, the rules above ("When Coverage Ends") will apply.

**SUPPLEMENTAL
LIFE INSURANCE - Continued**

CONVERSION PRIVILEGE

When your Supplemental Life Insurance coverage ends because of retirement, termination of employment, or other loss of eligibility, the insurance may be converted to an individual whole life insurance policy without a medical examination. To convert your group term coverage to individual coverage, you must submit an application and the required premium to The Prudential Insurance Company within 31 days from the date your group coverage ends. Contact your local Benefits or Accounting Office for the appropriate form or for more information.

You may select the individual policy from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates corresponding to your age at the time of conversion.

If your application for the premium waiver benefit is denied while you are making direct premium payments to your local Accounting Office, you must apply for conversion within 31 days of the date your application is denied.

Once you convert your group insurance to an individual contract, benefits and rights under the group contract cease. If you later become eligible and enroll again for Supplemental group life insurance coverage following conversion, you must surrender the individual policy to be covered under the UC group insurance. Benefits may be paid under either the group policy or the individual policy (but not both).

NOTE: The amount you are eligible to convert to an individual contract will be reduced by any Living Benefits payment you have received - see the Living Benefits Option section beginning on page 22.

If you die within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not you applied for an individual policy.

DEPENDENT LIFE INSURANCE

The Dependent Life Insurance Plans help provide you with protection against the financial burden that may follow the loss of a spouse/ domestic partner or a child.

ELIGIBILITY

You may enroll in the Basic Dependent Life Insurance Plan if you are enrolled in the Basic Life Insurance Plan (see page 6). If you are enrolled in the Supplemental Life Insurance Plan (see page 17), you may enroll in either the Basic Dependent Life Insurance Plan or the Expanded Dependent Life Insurance Plan.

Eligible dependents are:

- a. Your legal spouse*.
- b. Other Eligible Dependents (Family Members):
 - You may enroll a same-sex domestic partner (and the same-sex domestic partner's children/grandchildren/stepchildren) as set forth in the University of California Group Insurance Regulations**.

For information on who qualifies and on the requirements to enroll a same-sex domestic partner, contact your local Benefits Office

- You may enroll an opposite-sex domestic partner as a family member that is eligible for coverage in UC sponsored benefits as set forth in the University of California Group Insurance Regulations***. To be eligible for opposite-sex domestic partner coverage, the employee or domestic partner is age 62 or older and eligible to receive Social Security benefits and both the employee and domestic partner are at least 18 years old.

For information on who qualifies and on the requirements to enroll an opposite-sex domestic partner, contact your local Benefits Office.

- c. Child

**DEPENDENT
LIFE INSURANCE - Continued**

All eligible children must be under the limiting age (18 for legal wards, 23 for all others), unmarried, and may not be emancipated minors. The following categories are eligible:

- (a) your natural or legally adopted children;
- (b) your stepchildren (natural or legally adopted children of your spouse) if living with you, dependent on you or your spouse for at least 50% of their support and are your or your spouse's dependents for income tax purposes;
- (c) grandchildren of you or your spouse if living with you, dependent on you or your spouse for at least 50% of their support and are your or your spouse's dependents for income tax purposes;
- (d) children for whom you are the legal guardian if living with you, dependent on you for at least 50% of their support and are your dependents for income tax purposes.

Any child described above (except a legal ward) who is incapable of self-support due to a physical or mental handicap may continue to be covered past age 23 provided:

- the incapacity began before age 23, the child was enrolled in a group medical plan before age 23 and coverage is continuous;
- the child is claimed as your dependent for income tax purposes or is eligible for Social Security Income or Supplemental Security Income as a disabled person or working in supported employment which may offset the Social Security or Supplemental Security Income; and
- the child lives with you if he or she is not your or your spouse's natural or adopted child.

**DEPENDENT
LIFE INSURANCE - Continued**

Application must be made to the Plan at least 31 days before the child's 23rd birthday and is subject to approval by the Plan. The Plan may periodically request proof of continued disability. Incapacitated children approved for continued coverage under a University-sponsored medical plan are eligible for continued coverage under any other University-sponsored medical plan; if enrollment is transferred from one plan to another, a new application for continued coverage is not required.

If you are a newly hired Employee with an incapacitated child, you may also apply for coverage for that child. The child must have had continuous group medical coverage since age 23, and you must apply for University coverage during your Period of Initial Eligibility.

*An insured Employee's legal spouse/domestic partner shall not be considered a qualified dependent if the Employee has enrolled an adult dependent relative (as defined by the University of California's Group Insurance Regulations) in a University-sponsored health plan.

**These dependents are newly eligible January 1, 2001.

+++The spouse/opposite-sex domestic partner is newly eligible January 1, 2005.

For all dependents: Your dependent(s) must continue to meet the above requirements as applicable to be eligible for continued coverage. The University and/or Prudential reserve the right to periodically request documentation to verify eligibility of Dependents. Such documentation could include a marriage certificate, birth certificate(s), adoption records, or other official documentation.

**DEPENDENT
LIFE INSURANCE - Continued**

Where federal income tax dependency is required for dependent coverage, you will be asked to submit a copy annually of your Federal income tax return (IRS form 1040 or IRS equivalent) showing the covered dependent and your signature to the University to verify income tax dependency.

Dependents may not be covered:

- a) if they are insured for Supplemental Life Insurance as employees of the University; or
- b) if the employee or former employee is protected under the Waiver of Premium provisions of the Supplemental Life Insurance or the Extended Death Benefit provisions of the Basic or Core Life Insurance following termination of such insurance. See the provisions under Conversion Privilege on page 37.

NOTE: A child shall not be the qualified dependent of more than one employee. Eligible UC-employed family members (spouse/same-sex domestic partner or child) may be covered as an employee under the Supplemental Life, or as a family member under Dependent Life. You may cover your family members under either the Basic or the Expanded Dependent Life plan. You may not cover them under both plans. Duplicate UC-sponsored coverage is not allowed.

In any event, where duplicate coverage has occurred, benefits will be paid under the plan with the earliest effective date.

ENROLLMENT

Basic Dependent Life

If you have dependents eligible for coverage under this program, you may cover them:

- a) during your "Period of Initial Eligibility" (defined below), or
- b) if you do not have eligible dependents when appointed in an eligible position, you have **another** "Period of Initial Eligibility" starting on the date you acquire your **first** eligible dependent.

**DEPENDENT
LIFE INSURANCE - Continued**

Once you have enrolled in the plan, it is not necessary to enroll additional dependents, since the family contribution automatically provides coverage for all eligible family members.

Expanded Dependent Life

To cover eligible dependents under this plan, you must complete an enrollment form during:

- a) your own "Period of Initial Eligibility" (defined below), or
- b) if you do not have eligible dependents, the "Period of Initial Eligibility" that begins on the date you acquire your first eligible dependent.

If your spouse/domestic partner is the first eligible dependent for coverage, you should enroll in the Spouse/Domestic Partner Only coverage. You have a second "Period of Initial Eligibility" when your first child is born, but you may not enroll your spouse/same-sex domestic partner at that time if he/she was eligible earlier. Coverage for additional children is automatic.

Both Plans

Your "**Period of Initial Eligibility**" starts with the first day of your employment in an eligible position and ends 31 days from that date or the last working day of that 31-day period (for enrollments with paper forms, on the preceding business day for the local Accounting or Benefits Office if the 31st day is on a weekend or a holiday). Your "Period of Initial Eligibility" for newly adopted children begins on the date the child is placed in your physical custody, or the date you or your spouse/domestic partner has the legal right to control the child's health care. If not enrolled at that time, there is an additional "Period of Initial Eligibility" beginning on the date the adoption becomes final.

If you do not enroll to cover your eligible spouse/domestic partner during your "Period of Initial Eligibility" or within 31 days of acquisition, you must submit a Statement of Health satisfactory to Prudential.

**DEPENDENT
LIFE INSURANCE - Continued**

Prudential reserves the right to require medical evidence at your expense, if necessary. A Statement of Health is not required to cover your eligible dependent children.

EFFECTIVE DATE

Your dependents' insurance will become effective the first day of the "Period of Initial Eligibility" provided the enrollment form (or electronic enrollment) is received in your local Benefits or Accounting Office within your "Period of Initial Eligibility".

NOTE: The coverage effective date for newborn children will begin at birth. However, other dependents who are confined to a hospital on the date their insurance would become effective will not be covered until the day after their release from the hospital. This delayed effective date due to a dependent's hospital confinement will not apply to your natural child or adopted child added after your initial enrollment.

If you request coverage for your eligible spouse/domestic partner by a Statement of Health, the effective date is the date Prudential approves the application (provided your enrollment form is submitted to your local Benefits or Accounting Office within 31 days of the approval).

Once you have enrolled in the Basic plan or the Expanded plan with coverage for spouse/same-sex domestic partner and child(ren), new eligible family members are covered automatically on the date they become eligible.

BENEFITS/BENEFICIARY DESIGNATION

Benefits are payable to you in the event of the death of your insured dependent(s) under the Basic Plan. Under the Expanded Plan, benefits will continue to be paid to you in the event of the death of your insured dependent(s), however, you may designate a different beneficiary for "Spouse/Domestic Partner" benefits. A separate beneficiary form will be used. Contact your department or Benefits Representative for details.

**DEPENDENT
LIFE INSURANCE - Continued**

If you are not living in the event of the death of your insured dependent(s), benefits will be paid to the surviving spouse or domestic partner.

For the death of the employee's eligible child, benefits will be paid to the first of the following categories with a survivor:

- The employee
- The child's parent
- The child's brothers and sisters (in equal shares)
- The child's estate

See pages 41-42 for information regarding Benefit Payment Options.

CHOICE OF DEPENDENT LIFE INSURANCE PLANS

There are 2 life insurance plans you may choose for your eligible dependents: (1) Basic or (2) Expanded.

BASIC PLAN

	Amount of Coverage
Legal Spouse/ Domestic Partner	\$5,000
Dependents less than 23 years	\$5,000 each

**DEPENDENT
LIFE INSURANCE - Continued**

EXPANDED PLAN

Amount of Coverage

Legal Spouse/ Domestic Partner	50% of the Employee's amount of insurance, rounded to the next higher \$1,000 if the amount is not an exact multiple of \$1,000, up to a maximum of \$200,000*
Dependents age less than 23 years	\$10,000 each

* Adjustments in Employee's amount of insurance will result in an adjustment of the Spouse's/Domestic Partner's insurance amount.

YOUR MONTHLY COST

Basic Plan

The monthly cost of the plan is fully paid by you and depends on your age. Premiums are adjusted each January 1 based on your current age and any rate changes in effect. Contact your local Benefits Office to obtain current rate information.

Expanded Plan

The monthly cost of the plan is fully paid by you and depends on your age and whether you are covering children or a spouse/domestic partner or both. Premiums are adjusted each January 1 based on your current age and any rate changes in effect. Contact your local Benefits Office to obtain current rate information.

WHEN COVERAGE ENDS

Your coverage will end on the earliest of the following dates:

- (a) the last day of the last pay period for which premiums are paid based on earnings as an eligible employee;

**DEPENDENT
LIFE INSURANCE - Continued**

- (b) the last day of the last pay period the individual is eligible for coverage as a family member;
- (c) (Basic Plan) the day the employee's Basic Life Insurance terminates if the employee is not enrolled in Supplemental Life Insurance;
- (d) (Basic Plan) the day the employee's Supplemental Life Insurance terminates if the employee is not covered by the University's employer-paid Life Insurance (Coverage may be continued if termination is due to employee's death. See "Employee's Death - Continuation of Coverage" below.);
- (e) the last day of the pay period in which a form to cancel coverage is received in the local Benefits or Accounting Office; or
- (f) the day the group contract between the University and the carrier is terminated.

If one or more of your family members become ineligible for coverage due to marriage, death, divorce, legal separation or annulment or any other reason, it is your responsibility to make any changes necessary in your Dependent Life enrollment. Your dependent's insurance coverage may be converted when coverage ends--see the Conversion Privilege section below.

Termination or Retirement

If you leave University employment or retire, your insurance terminates at the end of the last pay period of which you paid a premium as an eligible employee. You may convert your coverage to an individual policy (see the Conversion Privilege section below).

Employee's Death - Continuance of Coverage

If your Dependent Life Insurance terminates because of your death, the period of continuance for your dependents is 6 months from the date of death. Your dependents must arrange to make direct payment of premiums during the 6 month period.

The amount payable during the period of continuance will be the amount for which each dependent was last insured.

**DEPENDENT
LIFE INSURANCE - Continued**

Leave of Absence, Furlough or Layoff

If you take a leave of absence with pay, your Basic Dependent life insurance may continue for up to 2 years from the date the leave begins, provided your Basic Life Insurance or Supplemental Life Insurance continue and your paycheck is large enough to cover any premiums.

If you take a leave of absence with pay, your Expanded Dependent Life Insurance may continue for up to 2 years from the date the leave begins, provided your paycheck is large enough to cover the premiums for both Supplemental and Dependent Life Insurance

If you are placed on furlough or layoff, Basic Dependent Life Insurance may continue for up to 4 calendar months from the date the layoff or furlough begins, provided Supplemental Life Insurance continues or you have Basic Life Insurance, and prior arrangements are made with and premiums paid to the local Accounting Office. Expanded Dependent Life Insurance will continue for up to 4 calendar months if you continue your Supplemental Life Insurance and prior arrangements are made to continue premium payments.

If you take an approved absence without pay, you may continue Basic or Expanded Dependent Life Insurance for up to 2 years, or up to 6 months during an approved military leave of absence, if you also continue your Supplemental Life Insurance. If you do not have/continue Supplemental Life Insurance, but are covered by Basic Life Insurance, Basic Dependent Life Insurance may be continued for the first 4 months of leave. Prior arrangements must be made with, and premiums paid to, the local Accounting Office.

If you terminate employment or retire while on a leave of absence, furlough or temporary layoff, the rules above ("When Coverage Ends") will apply.

**DEPENDENT
LIFE INSURANCE - Continued**

CONVERSION PRIVILEGE

If your Dependent Life Insurance terminates because you leave University employment, retire, or you or your dependents otherwise lose eligibility, your dependents have 31 days from the date your insurance terminates to convert the Dependent Group Life Insurance to Prudential Individual Life Insurance without a medical examination.

If your Dependent Group Life Insurance terminates because of your death, your dependents have 31 days from the date the period of continuance ends to convert the Dependent Group Life Insurance. Contact your department or Benefits Representative for the appropriate form or for more details.

If your Dependent Group Life Insurance ends because you have been approved for the waiver of premium benefit under the Supplemental Life Insurance plan (see pages 24 and 30), your dependents have 31 days from the date that the waiver of premium is approved to convert this insurance to an individual policy.

Your covered dependents may select the individual policies from several forms of life insurance customarily issued by Prudential, other than term insurance or any policy containing disability or other supplementary benefits. Premiums will be at non-group rates in effect at the time of conversion.

If your dependent dies within the 31 day period following the termination of coverage, an amount equal to the amount which might have been converted will be paid as a claim under the Group Policy, whether or not the dependent applied for an individual policy.

GENERAL INFORMATION

DEFINITIONS

Some of the terms used in this booklet have specific, technical meanings as noted below:

AVERAGE REGULAR PAID TIME: For any month, an employee's **average regular paid time** is the average number of regular paid hours per week (excluding overtime, stipend or bonus time worked by the employee) in the preceding 12 month period. A month with zero regular paid hours--

- (1) which occurred during the employee's furlough or approved leave without pay will not be included in the calculation of the average. If such absence exceeds 11 months, the averaging will be restarted.
- (2) which occurred during a period when the employee was not on furlough or approved leave without pay will be included in the calculation of the average. After 2 consecutive such months, the averaging will be restarted.

For a partial month of zero regular paid hours due to furlough, leave without pay or initial employment--

- (1) if the employee worked at least 43.75% of the regular paid hours available in the month, the month will be included in the calculation of the average.
- (2) if the employee did not work at least 43.75% of the regular paid hours available in the month, the month will not be included in the calculation of the average.

DOMESTIC PARTNER, for the purpose of the beneficiary provision only, means an individual with respect to whom the following requirements are met:

- (1) Such individual is designated by a Member as a domestic partner by one of the following methods:
 - (a) The domestic partnership of such individual and Member is registered with the State of California, and a copy of the applicable State registration form(s) is filed with the University; or

GENERAL INFORMATION - Continued

- (b) A valid Declaration of Domestic Partnership, or such other form as required by the University, is filed by such Member with the University, and supporting documentation that demonstrates the existence of the domestic partnership at the time of filing is provided to the University by the Member in accordance with the Plan Regulations.
- (2) The Member and the individual designated as his or her Domestic Partner satisfy the following requirements:
- Each is the other's sole Domestic Partner in a long-term, committed relationship and intend to remain so indefinitely.
 - Neither is legally married, and they are not related by blood to a degree of closeness that would prohibit legal marriage in the State of California.
 - Each is age 18 or older and has the ability to consent to the relationship.
 - They reside together and intend to reside together indefinitely.
 - They are financially interdependent.
- (3) The filing of any form or documentation with the University shall be subject to the requirements set forth in the Plan Regulations. The University may add additional requirements or procedures for establishing the eligibility of a Domestic Partner in the Plan Regulations. An individual shall not be a Domestic Partner unless such requirements are satisfied with respect to such person.

EMPLOYEE means an employee appointed and paid by the University, actively working under the direction and control of the University.

GIFT ASSIGNMENT: A transfer, by absolute and irrevocable assignment, of all incidents of ownership and all other rights, title, interest, both present and future, in and to the insurance under the group policy. This includes, but is not limited to, the right to designate and change a

GENERAL INFORMATION - Continued

beneficiary, the right to make requisite contributions to maintain the insurance in force under the group policy, and the right to exercise any conversion privilege provided under the group policy.

LIVING BENEFITS OPTION refers to a benefit under the Supplemental Life Insurance plan which allows a Terminally Ill Employee, who meets specified conditions, to elect to receive part of their Supplemental Life Insurance coverage amount while they are living. See "Terminal Illness Proceeds", "Living Benefits Option Amount" and "Terminally Ill Employee" for other terms related to the Living Benefits Option.

LIVING BENEFITS OPTION AMOUNT refers to the amount of Supplemental Life Insurance that you may elect to place under the Living Benefits Option. The Living Benefits Option Amount is equal to 50% of the Supplemental Life Insurance in force on your life on the date Prudential receives the proof that you are a Terminally Ill Employee, but not more than \$250,000. See "Terminal Illness Proceeds" for a description of the actual amount you would receive.

SALARY RATE means the monthly salary you are appointed to receive under your academic, nonacademic, and/or administrative title(s) payable through the University. This includes such things as stipends for department chairs, or shift differentials. It does not include:

- (1) overtime payments,
- (2) consulting fees or payments in lieu of private practice,
- (3) general assistance "by-agreement" payments,
- (4) compensation for extension teaching,
- (5) compensation received for summer session or other vacation period employment in excess of regular salary,
- (6) any remuneration received which is in excess of 100% of full-time equivalent of your regular and normal position, and
- (7) perquisites and any bonuses or other special compensation.

GENERAL INFORMATION - Continued

TERMINALLY ILL EMPLOYEE means an employee whose life expectancy is 12 months or less.

TERMINAL ILLNESS PROCEEDS refers to the amount you may receive under the Living Benefits Option. The Terminal Illness Proceeds are equal to the discounted value of 50% of the Supplemental Life Insurance (Living Benefits Option Amount) in force on your life on the date Prudential receives the proof that you are a Terminally Ill Employee. In no event will the amount of Terminal Illness Proceeds exceed the discounted value of \$250,000.

TOTAL DISABILITY exists when Prudential determines that these conditions are met:

- (1) You are not engaged in any gainful occupation; and
- (2) You are completely unable, due to sickness or injury or both, to engage in any and every gainful occupation for which you are reasonably fitted by education, training, or experience.

VALUE ASSIGNMENT: A transfer of all rights and benefits of ownership of your life insurance to a viatical settlement company, made in consideration of terminal illness, in exchange for an agreed upon amount.

SERVICES FOR BENEFICIARIES/FAMILY MEMBERS

Benefit Payment Options*

Beneficiaries and other recipients of group life insurance proceeds of \$10,000 or more may choose to receive payment (a) as a lump sum, or (b) through a personalized, interest-bearing draft account (called the Alliance Account). Group Life Insurance proceeds will be paid into the Alliance Account unless another payment option is selected.

Beneficiaries also have a number of payment options available to them. In addition to a lump sum check payment, beneficiaries may elect to receive all or part of their life insurance proceeds through other payment options. These other payment options include a Certificate of Deposit

GENERAL INFORMATION - Continued

and 4 types of Guaranteed Income Payments (Annuities).

A toll-free Customer Service number has been established so that beneficiaries can obtain answers to questions they have about life claim payments. For additional information, you may contact Prudential at 1-800-524-0542.

* Some methods of claim settlement are subject to specific conditions. If a beneficiary or recipient of group life insurance proceeds selects a method of payment that is not available because the payment does not meet the specific conditions of the option, the payment will be made in one lump sum check. Additional details can be obtained from Prudential by calling 1-800-524-0542.

Sample Living Benefits Option Calculations

Note: The following examples are based on an employee who has \$200,000 of coverage under their Supplemental Life Insurance. Actual benefits for your situation will differ based on your actual Supplemental Life Insurance coverage amount and the benefit factor in effect at the time you elect the **Living Benefits Option**.

Lump Sum Payment

\$200,000	Your Supplemental Life Insurance Coverage Amount
x 50%	
\$100,000	Your Living Benefits Option Amount
\$100,000 ÷ 1,000 = 100	Your Living Benefits Option Amount ÷ 1,000
100	# of 1,000s of Insurance
x 950.26	Benefit Factor Derived from Interest Rate and Mode of Settlement*
\$95,026	Your Terminal Illness Proceeds -- One Time Payment

GENERAL INFORMATION - Continued

Monthly Installments

\$200,000 Your Supplemental Life Insurance Coverage Amount
x 50%
\$100,000 Your Living Benefits Option Amount
 $\$100,000 \div 1,000 = 100$ Your Living Benefits Option Amount \div 1,000

100 # of 1,000s of Insurance
x 81.05 Benefit Factor Derived from Interest Rate and Mode of Settlement *
\$8,105 Your Terminal Illness Proceeds per Month for 12 Months

* The actual benefit factor used is developed based on the average 3-month Treasury Bill rate in effect during the month prior to the date you elect this option, rounded down to the nearest .25%.

For more information about valuation and payment under the **Living Benefits Option**, call Prudential at 1-800-524-0542.

INFORMATION REGARDING YOUR CERTIFICATE

A certificate provides a formal definition of plan provisions. It is not evidence of individual coverage.

Basic Life Insurance

Your individual insurance certificate is on pages 44 through 48.

Core Life Insurance

Your individual insurance certificate is on pages 44 through 48.

Supplemental Life Insurance and Dependent Life Insurance

Individual certificates for you and your dependents may be obtained by calling The Prudential Insurance Company of America at (818) 263-9037.

GROUP INSURANCE CERTIFICATE
- Continued

Group Insurance Certificate

Basic Life Insurance
Core Life Insurance

Certifies that subject to the terms and conditions of Group Policy No. G-97000, the insurance referred to herein is provided for certain employees of

THE UNIVERSITY OF CALIFORNIA
(Herein called the Policyholder)

EMPLOYEES INSURED

Classes Eligible for the Insurance - All persons in the following coverage classes -- (a) Basic Employees: all employees who are members of a defined benefit retirement plan to which the University contributes, appointed to work under the direction and control of the University for at least 50% time for 1 year or more, or work 1,000 hours in a rolling 12-month period and who maintain **average regular paid time** commensurate with the appointment; and (b) Core Employees: all employees other than PERS members who are not included in (a) above, but who maintain at least a minimum **average regular paid time** of 17.5 hours per week (43.75% time based on a 40 hour work week).

Qualifying defined benefit retirement plans are the University of California Retirement Plan; Federal Civil Service Retirement System; California State Teachers' Retirement System; Sacramento County Employees' Retirement Association; Orange County Employees' Retirement System; and Public Employees Retirement System.

Employee's Date of Eligibility - The first day in which he is an employee in the eligible classes.

Becoming Insured - An employee shall be insured for Employee Insurance under a coverage from the first day, on or after his date of eligibility, on which he is included in the coverage classes.

**GROUP INSURANCE CERTIFICATE
- Continued**

Termination of Insurance - The insurance will terminate if the Employee ceases to be a member of the eligible classes because of termination of employment, or for any other reason, or the provisions of the Group Policy for the coverage terminate.

SUMMARY OF COVERAGES

The Prudential benefits for which an Employee is insured are summarized herein. For a further description of your coverage, consult the Group Insurance Booklet to which this certificate is attached which is issued to you by Prudential or your Employer.

Life Insurance

Benefit Class	Amount of Insurance
All employees classified as Basic Employees	An amount equal to 1 times employee's annual covered salary rate multiplied by the percent time of the employee's appointment up to a maximum benefit of \$50,000. PERS members are covered for this amount minus the \$5,000 PERS death benefit. The minimum benefit for all eligible employees is \$5,000.
All Employees classified as Core Employees	\$5,000

LIFE INSURANCE

Upon receipt of due written proof of your death, the amount of Basic Life Insurance or Core Life Insurance for which you are insured under the Group Policy shall be payable to the beneficiary designated by you as entered on the insurance records maintained in connection with the insurance under the Group Policy, in accordance with the terms of the Group Policy. Any part of such insurance for which no beneficiary is

GROUP INSURANCE CERTIFICATE
- Continued

designated or surviving at your death will be payable in accordance with the Group Policy.

Conversion Privilege - If your membership in the classes eligible for Term Life Insurance terminates, you may convert such insurance, without evidence of insurability, to an individual policy of life insurance. The amount of the individual policy may not exceed your amount of your Basic Life Insurance or Core Life Insurance then terminating. You must make application for the individual policy and the first premium payment within 31 days following such termination. The individual policy may be upon any of the forms of life insurance then customarily issued by Prudential at the age and amount applied for, other than term insurance or any policy containing disability or other supplementary benefits. The premium shall be based upon age and class of risk and upon the form and amount of the individual policy.

If the Basic Life Insurance or Core Life Provisions of the Group Policy terminate or are amended so as to terminate the insurance of a class of employees to which you belong, and you have been insured for a least 5 years under the Basic Life Insurance or Core Insurance, or you are totally disabled at the date of such termination and remain continuously so disabled until the effective date of the individual policy, you may convert to an individual policy, which may not exceed the lesser of (a) the terminating amount of your Basic Life Insurance or Core Life Insurance reduced by any group life insurance for which you become eligible within the following 31 days and (b) \$2,000. However, if you are totally disabled at the date of such termination and remain continuously so disabled until the effective date of the individual policy, (i) the reduction in item "(a)" of the preceding sentence applies only to the extent you become insured for group life insurance within the 31 days and (ii) item "(b)" of that sentence does not apply.

The individual policy obtained under this privilege will become effective upon the expiration of the 31-day period following the termination of your Basic Life Insurance or Core Life Insurance.

GROUP INSURANCE CERTIFICATE
- Continued

If you die within the 31-day period, an amount equal to the amount which you might have converted will be paid as a claim under the Group Policy, whether or not you have applied for an individual policy.

Beneficiary Designation - At any time the Employee may change the Beneficiary by filing written notice of the change through the Policyholder on a form satisfactory to Prudential. The new designation will take effect on the date the notice was signed, except that it will not apply as to any amount paid by Prudential before receipt of the notice.

If more than one Beneficiary is designated and in such designation the Employee has failed to specify their respective interests, the Beneficiaries will share equally. Unless otherwise provided in the Employee's Beneficiary designation, the interest of any designated Beneficiary predeceasing the Employee will terminate and will be shared equally by any Beneficiaries who survive the Employee.

If the member does not name a Beneficiary or if the designation of a Beneficiary is no longer effective, the person or persons (on a share and share alike basis) in the first of the following categories in which there is a survivor shall be the Beneficiary:

- (a) legal spouse or domestic partner of the Member;
- (b) child or children, including adopted child or children, of the Member (child or children of a deceased child shall take the share of such child by representation);
- (c) parent or parents of the Member;
- (d) sibling or siblings of the Member.

If there is no such survivor, any lump sum death payment shall be paid to the Member's estate.

See page 38 for the definition of "domestic partner" for the purpose of this provision only.

GROUP INSURANCE CERTIFICATE
- Continued

Extended Death Benefit - The University's employer-paid Life Insurance protection may continue for up to 1 year beyond the date coverage terminates if you become totally disabled while covered under the Plan, and are less than age 65. You must remain continuously unable to engage in any occupation until the date of death. Protection continues for 1 year, or until you are age 65, or until disability ends, whichever comes first.

Assignment - Your group life insurance is assignable only as a gift assignment or as a value assignment made in consideration of terminal illness.

An assignment may apply to any right, benefit or privilege of the Employee including, without limiting the generality of the foregoing, any right of the Employee to designate a Beneficiary or to convert to another policy. No responsibility for the validity or sufficiency of any assignment is assumed by Prudential. Prudential shall not be considered to have knowledge of any assignment unless the original or duplicate is filed with Prudential through the Policyholder.

If, under an insurance for which the Group Policy allows Beneficiary designations, any amount of insurance becomes payable on account of the death of an Employee and there is, as to such amount of insurance, at the Employee's death an assignment in effect but no Beneficiary designated by the assignee, such amount of insurance will be payable to the assignee, if living, otherwise to the estate of the assignee and not as otherwise provided in the Beneficiary Provisions of the Group Policy.

This certificate, which is merely evidence of insurance provided under the Group Policy, is furnished in accordance with, and subject in every respect to, the Group Policy which alone constitutes the agreement under which payments are made. This Certificate replaces any certificates previously issued to you with respect to the Group coverages described herein.

PLAN ADMINISTRATION

By authority of The Regents, University of California Human Resources and Benefits, located in Oakland, California, administers this plan in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts/service agreements, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by The Regents. The terms of those documents apply if information in this booklet is not the same. The University of California Group Insurance Regulations will take precedence if there is a difference between its provisions and those of this booklet and/or the group insurance contracts (regarding eligibility and administration issues, however, the Group Insurance Regulations do not supersede state insurance laws) and service agreements. What is written in this booklet does not constitute a guarantee of plan coverage or benefits--particular rules and eligibility requirements must be met before benefits can be received. Health and welfare benefits are subject to legislative appropriation and are not accrued or vested benefit entitlements.

This section describes how the Plan is administered and what your rights are.

Sponsorship and Administration of the Plan

The University of California is the Plan sponsor and administrator for the Plan described in this booklet. If you have a question, you may direct it to:

University of California
Human Resources and Benefits
300 Lakeside Drive, 5th Floor
Oakland, CA 94612-3557
1-(800) 888-8267, extension 70651

PLAN ADMINISTRATION - Continued

Claims under the Plan are processed by The Prudential Insurance Company of America at the following address and phone number:

The Prudential Insurance Company of
America
Group Life Claim Division
P.O. Box 8517
Philadelphia, Pennsylvania 19101
1-(800) 524-0542

Group Contract Number

The Group Contract Numbers for these Plans are G-97000 (Basic and Core) and GO-97000 (Supplemental Life and Dependent Life).

Type of Plan

This Plan is a welfare plan that provides group life insurance benefits. This Plan is one of the benefits offered under the University of California Benefit Programs.

Plan Year

The plan year is January 1 through December 31.

Continuation of the Plan

The University of California intends to continue the Plan of benefits described in this booklet but reserves the right to terminate or amend it at any time. The right to terminate or amend applies to all employees and plan beneficiaries. The University of California will also determine the terms of the Plan, such as benefits, premiums and what portion of the premiums the University will pay. The portion of the premium the University pays is subject to state appropriation which may change or be discontinued in the future.

PLAN ADMINISTRATION - Continued

Financial Arrangements

The benefits under the Plan are paid by The Prudential Insurance Company of America under an insurance contract. The cost of the premiums for the University's employer-paid Life Insurance Plans, Basic and Core, is currently paid entirely by the University of California. The cost of the premiums for the Supplemental Life Insurance and Dependent Life Insurance Plans is paid entirely by the participating employees.

Agent for Service of Legal Process

Legal process may be served on The Prudential Insurance Company of America and on the University of California at the addresses listed above.

Your Rights under the Plan

As a participant in the University of California Employee and Dependent Term Life Insurance Plans, you are entitled to certain rights and protection. All plan participants shall be entitled to:

Examine, without charge, at the Plan Administrator's office, or instead of or in addition to, at other locations specified by the Plan Administrator, all plan documents, including the insurance contract.

Obtain copies of all plan documents for a reasonable charge upon written request to the Plan Administrator.

PLAN ADMINISTRATION - Continued

How to File a Claim

You or your dependents may obtain claim forms from your local Benefits Office. You should protect your rights by filing your claim promptly with The Prudential Insurance Company of America at the address listed above.

A claim is payable promptly upon receipt of certification of death. A certified death certificate with a raised seal should be sent to Prudential with the claim form.

Your beneficiary should receive timely notification from Prudential about whether benefits will be received under the plan. If Prudential needs more time to make a determination, your beneficiary will be notified within 90 days and told why. No more than an additional 90 days may be used to process the claim.

If a claim is denied, your beneficiary will receive a notice from Prudential that states the reasons for the denial and describes any additional information needed. Your beneficiary may, within 60 days after receiving notice of the denial, formally appeal the denial in writing. The appeal should state the specific reasons, with reference to the plan provisions, why the claim should not be denied.

The Prudential has 60 days from the date the formal appeal is received to reply in writing to your beneficiary regarding its decision. If circumstances require Prudential to use additional time to evaluate your beneficiary's appeal, no more than an additional 60 days may be used, and your beneficiary will be notified if the extension of time is needed and why. Prudential's decision is final.

If your beneficiary feels the claim has been wrongfully denied, he or she may have the matter reviewed by the California Department of Insurance by writing: State of California, Department of Insurance, 300 South Spring Street, Los Angeles, CA 90013. The telephone numbers are (800) 927-4357 and (213) 897-8921.

Claim Fraud

When filing a claim, it is fraudulent to knowingly provide false information or omit relevant facts. Criminal and/or civil penalties can result from such acts.

Coverage for an Employee or covered Dependent may be terminated if fraud or deception is used to enroll in the Plan, or for knowingly permitting such fraud or deception by another. Such termination shall be effective upon the mailing of written notice by the University to the Employee. Termination of coverage of a Dependent for fraud shall not cancel the enrollment of other family members. Termination of coverage for an Employee shall automatically cancel the enrollment of all covered Dependents.

Nondiscrimination Statement

In conformance with applicable law and University policy, the University of California is an affirmative action/equal opportunity employer.

Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Director Mattie Williams and for faculty to Executive Director Sheila O'Rourke, both at this address: University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

97000-L; Ed. 4-2005

Effective January 1,
2005